50 YEARS OF DOUGLAS CONSTRUCTION

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NEWS SUMMARY

GENERAL

Blacking threat to P & O ships

Seamen's leaders are to be urged to black all P & O ships in British ports in support of the sit-in aboard the company's car ferry, Ulster Queen. About 40 crew members have occupied the ship in Liverpool in protest against the decision to axe the Liverpool-Belfast service.

Local representatives of the National Union of Seamen will request the blacking at a meetting today of the union's national officers, although a decision is not expected until the union executive meets tomorrow. Page 4

MPs' Afghan visit

Three Labour MPs, who leave for Afghanistan today, rejected criticis mof their visit at the invitation of the Kabul Government. One of the MPs, Mr. Ron Brown, said they had nothing to apologise for. They wanted to find out the facts.

Prince's wish

The Prince of Wales wished Fleet Street editors "a particularly nasty New Year." He made the remark at Sandringham, where the Royal Family has been upset by the constant attention of reporters and photographers.

Ripper: man held

A man was being questioned last night by detectives investigating the Yorkshire Ripper murders. Police said the man had been arrested in Sheffield in conection with another matter.

Threat to trains

BRITISH Rail services on the Southern Region are expected to be disrupted today by drivers' unofficial action over timetable changes. Page 4

Snow hits North

Snow and freezing winds hit Scotland and the North of England, and police warned motorists to take extra care. Many roads were blocked by drifting snow.

Chanel bomb

A Guadeloupe independence group admitted planting a bomb that destroyed the ground floor of the Chanel couture and perfume headquarters in the centre of Paris. Page 2

Lisbon Cabinet

The new Portuguese Cabinet, led by the moderate Social Democrat Sr. Francisco Pinto Balsemao, is expected to take office in the next week. Page 2

Hostages moved

Three U.S. hostages, held at the Iranian Foreign Ministry for 14 months, have been moved to a secret location shared by some of the other 49 Americans taken captive when the U.S. embassy in Tehran was stormed in November, 1979. Page 2

Lawyers shot

Two American lawyers and the president of the Salvadorean Institute of Agrarian Reform were shot dead by two gunmen in a San Salvador hotel.

Union abandoned

Syria and Libya have abandoned plans to merge into a single State, according to the Kuwaiti Press, after failing to agree on the system of government.

Briefly . . .

Price of milk rose—1½p to 18½p a pint.

American evangelist Billy Graham arrived in Poland, where he will receive an honorary doctorate of theology.

Fire destroyed part of a 12th century monastery on Mount Athos in Greece.

BUSINESS

Tax help urged for small business

● **SMALL BUSINESSES** should be helped by a tax incentive aimed at private investors, the accountancy bodies have told the Government. Back Page; editorial comment, Page 10

● **RECESSION** may be approaching its trough, the latest FT business opinion survey suggests. Back Page; faltering recovery likely, Page 3

● **INLAND REVENUE** plans to tighten taxation on fringe benefits seem unlikely to be implemented soon. Back Page

● **HIGH ENERGY COSTS** handicap industry in comparison with foreign competitors, says a report to the National Economic Development Council. Page 4

● **NATIONAL** Nuclear Corporation's legal status should soon be agreed, clearing the way for huge equipment orders. Back Page

● **MANUAL WORKERS'** 7.5 per cent rise will cost councils £35m more than planned in 1981-82. Back Page

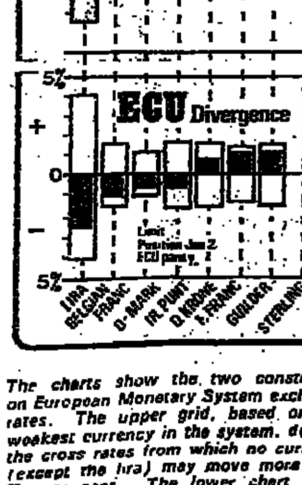
● **BANK OF ENGLAND** is to start detailed studies this week of a possible financial futures market dealing in forward contracts in currencies and interest rates. Page 3

● **BRITAIN** may contribute about £100m as part or an international aid package for Poland. Back Page

● **MERCEDES-BENZ** will invest £30m by the mid-1980s to improve its UK position. Page 3

● **MALLINSON-DENNY** timber group's board recommended acceptance of Brooke Bond Liebig's £60m takeover bid. Page 12

● **DEUTSCHE MARK** weakness was the major factor in trading between members of the European Monetary System during 1980, largely reflecting the volatile nature of U.S. interest rates, which touched record levels towards the end of the year, leading to demand for the dollar at the D-mark's expense. The D-mark and Belgian franc required support to keep them within the permitted limits of the EMS, while the lira was generally the weakest member but came under little pressure because of its much wider divergence limit. The guilder began 1981 at the top of the system, followed by the French franc. At the same time last year the franc was the strongest currency, followed by the guilder.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

Work at Longbridge plant to resume as inquiry is agreed

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE STRIKE which has halted BL's successful Metro model at Longbridge, Birmingham, collapsed yesterday in the face of a company warning that the volume cars business could be destroyed "within days."

More than 1,000 of the workers on strike at Longbridge, over the dismissal of eight colleagues for their alleged role in a near-riot at the plant, voted overwhelmingly to "suspend" their action and await the outcome of an inquiry.

Union leaders emerged from the two-hour meeting in Birmingham to warn of anger and resentment among workers and the risk of a new outbreak of unrest.

The climbdown by the strikers—the Transport and General Workers Union had made the dispute official — nevertheless marks another victory for the uncompromising management line adopted by Sir Michael Edwardes, the BL chairman.

This latest crisis at BL, in which union leaders argue privately that the company misjudged the strength of shop-floor feeling, has undoubtedly extended the debate within the Government about the extent of State finance that should be advanced.

Mrs. Margaret Thatcher, the Prime Minister, made clear in a radio interview yesterday—before the Longbridge vote had been announced—that BL's application for £1.14bn over the next four years would be judged on its merits.

Sir Keith Joseph, the Industry Secretary, is believed already to have lent his support to the Edwardes plan, which requires £520m of State finance this year, £420m in 1982 and £200m over the following two years.

The Longbridge dispute has strengthened the hand of Ministers and Conservative backbenchers who argue the Government should do no more than advance the money required for 1981, with the rest conditional on the company's performance.

But BL, following its latest industrial relations success, seemed confident last night that the Government would not make new finance conditional.

Sir Michael is arguing that for the management to run a successful business, it and not the Government should have control over new investments. His board has already made clear that it will not direct funds from investment to meet cash flow requirements created by disputes such as that at Longbridge.

The decision by the Longbridge strikers to call off their action came only as a result of a compromise resolution from union leaders, who are conscious of the risk posed to the company.

In the face of shop-floor demands to extend the dispute, the platform proposed that work should recommence pending the outcome of an inquiry. The resolution which was eventually adopted expressed reservations about the composition of the inquiry team and made clear that the action might be resumed.

The peace formula, floated by Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, provides for a four-man joint management/inquiry team, chaired by an official of the Advisory Conciliation and Arbitration Service.

The TGWU has backed down from its demand that the chairman should have a casting vote. BL, which insisted on its right to manage at Longbridge, has also shifted ground, acknowledging that it will take account of the views of the chairman.

A statement from Mr. Geoff Armstrong, employee relations director for BL Cars, that the company would reconsider its decision on dismissals if there were reasonable doubt, was undoubtedly a factor in swaying yesterday's meeting.

Mr. Brian Mathers, Midlands secretary of the TGWU, said the onus in the inquiry would be on management to show that justice had been done.

The way disputes at Longbridge had been handled had stored up resentment to the extent that some workers "hated" management, he said.

Mr. Mathers argued that the strikers' decision to call off their action had been influenced by considerations about the future of their families had the company implemented its threat

Thatcher attacks BL unions

By Margaret Van Hattem
Lobby Staff

FURTHER subsidies to British Leyland, such as the £1.1bn requested by Sir Michael Edwardes, BL's chairman, for the next four years, will be tied to the company's performance, the Prime Minister said yesterday.

Mrs. Thatcher, together with senior ministers, is expected to decide on the £1.1bn plan within the next fortnight, and is expected to give conditional approval.

But speaking on BBC radio yesterday before BL workers at Longbridge voted to return to work, Mrs. Thatcher made it clear that the role played by unions would be crucial.

The Government would consider the request, she said, "bearing in mind that we have to get the money from elsewhere. We shall consider it purely on merit, and on the prospect of breaking through to final success."

The British taxpayer had already put £1.2bn into the company, BL management had improved, she personally had driven the Mini Metro along Downing Street . . . "we gave them a leg up in every way we could," she said.

But subsidies to the inefficient had to be paid by those efficient enough not to need them. "If we get to the position where we have more people demanding subsidies and fewer providing them, we shall be on a disaster course," she said.

"They've got a good product and a good prospect. But not if they go on strike. Not if they constantly give the impression overseas 'there they are, the British trade unions at it again.' Let them seize their chance and secure good jobs for themselves, for the components industry and for all those who supply British Leyland."

On general economic prospects Mrs. Thatcher insisted the Government was "absolutely right" in holding to its present monetarist policies and that the only alternative—to boost inflation, to create unsound money and unsound jobs—was no alternative.

For the next year the Government would have three economic priorities:

● A tight monetary policy;
● Boosting the competitiveness of British industry;
● Tax incentives, particularly for the small firms and new firms which would provide the biggest job opportunities when economic recovery got under way.

Continued on Back Page

Defence industry decline 'threatens U.S. security'

BY DAVID BUCHAN IN WASHINGTON

U.S. national security is threatened by a deterioration in the condition of its defence-related industries, according to a congressional report released yesterday. The report cites problems among defence sub-contractors and shortages of skilled labour and critical materials.

The report, by the House of Representatives Armed Services Committee on the industrial base of U.S. defence, coincides with plans for a massive increase in defence-spending by the Reagan Administration.

President Carter intends to leave his successor with a proposal for a record $196.4bn military budget for the 1981-82 fiscal year that begins next October 1, Administration officials revealed over the weekend.

This is a 14.6 per cent increase in military spending authority in nominal terms (without taking inflation into account) over the current year. But Mr. Reagan, if he remains true to his and his party's election promises, is expected to increase this. Actual defence spending appropriated by Congress is, however, always a bit lower than the authorised figure in any year.

Representative Melvin Price, who chairs the Committee, said his panel's findings "reveal that the U.S. defence industrial base lacks the capacity, manpower, skills, and critical materials required to swing into crisis production."

The House report expresses concern that the U.S. is increasingly dependent on foreign sources for crucial materials such as special metals for making U.S. weapons. For several years successive administrations have also run down the U.S. "strategic stockpile" of defence-related materials, on grounds of cost.

The Defence Department is singled out for criticism by the congressional study for failing to take any action to remedy the erosion in the U.S. military-industrial complex, and for helping to create the problem by imposing "inflexible" contract conditions on U.S. arms-manufacturers.

The study suggests the Defence Department must become more flexible in its weapons-procurement policies and that defence contractors should be better protected against the chops and changes in government defence policies.

In particular, the report recommends that the current $5m ceiling be removed on the financial penalty that the U.S. Government is liable to for cancelling a multi-year defence contract.

Ever since President Eisenhower in his farewell address warned of the "military-industrial complex," it has been a matter of suspicion to many Americans that the nexus between the Pentagon and U.S. arms-makers was too close and smooth.

The congressional report suggests this is far from the case, and in the current climate of concern about the Soviet military threat Government and the defence industry must co-operate much more closely.

Special bank profits tax considered for Budget

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BUDGET DAY will almost certainly be at about the end of March. Preparation is advanced and it seems unlikely there will be any general, large-scale help for industry. Among new sources of revenue a special tax on bank profits is again under active consideration.

The most likely dates for the Budget are March 24 and 31, though April 7 has not been ruled out. Sir Geoffrey Howe, Chancellor of the Exchequer, apparently favours an early Budget partly to maximise the revenue benefits from any changes in indirect taxes.

Budget preparations have been brought forward to avoid a hectic position similar to that of last year. The main monetary and fiscal decisions will not be taken until after the new economic assessment and forecasts are ready at about the end of this month but submissions have been made on help to industry and on a bank-profits tax.

Sir Geoffrey has made clear that an aim of the Budget will be to secure a better balance between different parts of the economy. But the scope for any general reduction in the burden of tax on industry is limited by the need to contain public-sector borowing, especially after the measures already announced, such as the stock relief changes.

Consequently the main search is for various selective schemes and tax concessions which will aid recovery but have a small revenue cost in 1981-82. This review has been tied in with discussions on industry's energy costs.

Revenue is being sought from those business sectors which are in a strong financial position. Following the announcement in November of the new North Sea oil tax, the main discussions are about a possible bank-profits tax.

Such a tax was strongly advocated within the Treasury before the last Budget but was ruled out, especially in view of the Bank of England's opposition.

The option is now high on the agenda again. Treasury Ministers have been publicly non-committal on the subject always. However, given the likely opposition there is obviously a strong chance that the banks will escape again.

The issue is controversial and complicated. On the banks' behalf it is argued that, in view of their current active involvement in the various secret financial support operations for ailing companies, being co-ordinated by the Bank of England, they should not be penalised.

On a practical level there are problems about determining which profits should be taxed and whether there should be a distinction between clearers, the main beneficiaries of high interest rates, and non-clearers.

On the monetary side there are discussions within the Treasury and Bank on the appropriateness of sterling M3, the broadly-defined money supply, being the main target measure in view of last year's monetary disturbances.

There are also short-term problems of setting a new target from April in view of the current excess rate of growth. Further evidence on the extent of the overshoot in the current target period will be provided tomorrow when the December banking figures are published. Market estimates range from no change in sterling M3 to a rise of 2 per cent.

Faltering recovery forecast, Page 3
How to keep taxes down, Page 8

Sacked Labour MPs will fight back says Mason

FORMER ULSTER Secretary Mr. Roy Mason said last night that Labour MPs sacked by their constituencies under the new re-selection procedure would unite to fight the next General Election under some form of Labour label.

He said sacked MPs might be joined by members of the expelled right-wing Social Democratic Alliance, other "aggrieved" politicians and the Liberals, to form a realistic third-party opposition to the Left wing.

Mr. Mason, the Opposition spokesman on agriculture, whose Barnsley constituency has been taken over by Mr. Arthur Scargill's militant Yorkshire miners, said 1981 would make or break the Labour Party.

He is the first member of Mr. Foot's new Shadow Cabinet to speak out so fiercely about the events which beset the Labour Party.

He expressed his views to his constituency party's general management committee.

It was the first time Mr. Mason had spoken publicly on the reselection issue since ordered to vote for Mr. Michael Foot as Labour leader, or risk having his miners' union sponsorship withdrawn.

He said January 24, when Labour's special one-day conference was held, would be a major day for the Labour movement.

Zimbabwe government takes over white-run newspapers

BY OUR SALISBURY CORRESPONDENT

THE ZIMBABWE Government has effectively taken control of the country's main newspapers by purchasing, through a trust fund, the 42 per cent stake in the company operating them from the South African Argus group.

Dr. Nathan Shamuyarira, the information minister, said this would not impair Press freedom, but the stage now seems set for a transformation of the Press into a vehicle of government policy, as advocated by UNESCO and many Third World countries.

Dr. Shamuyarira, a former journalist, said on Saturday that the present white editors running the Herald, the Bulawayo Chronicle, the Sunday Mail, the Sunday News and the Umtali Post Weekly would soon be replaced by Africans.

The newspapers would be run by the newly-created Zimbabwe Mass Media Trust, which has been established with a Z$5m grant from Nigeria.

The trust, described by the Minister as non-political and non-profitmaking, would appoint senior editorial staff and would be headed by Mr. Robert Mandabvu, a government appointee and former representative in Sweden of the majority ZANU-PF party.

Previously the Press has been run on quasi-Western lines by whites whom the government accuses of concentrating on white interests and paying too much attention to "negative" stories about factional violence and political unrest.

"This decisive step enables us to reorient the thinking of our people," Dr. Shamuyarira said of the takeover, indicating that he perceived it as a means of gearing the Press towards its familiar Third World role as a platform for the propagation of government policy.

"The media can now look north to other independent African states instead of south to South Africa," he said. "They can now make the people's concerns their own. They will address themselves to all the people and not to a tiny white minority."

Many whites took the move gloomily as a further erosion of their influence and a precursor of totalitarian measures.

Dr. Shamuyarira said the government would not control the Press or impair its freedom. The Sunday Mail, a right-of-centre publication, took issue with this.

The government "wants greater control of what appears or does not appear in the national Press," an editorial said. "The truth is that the Press is going the same way as the Press has gone in the rest of black Africa."

The Minister said the government could not accept South African interests controlling the Press, and this had prompted the purchase of the Argus holdings. There is little doubt, however, that this is not the only reason for the takeover. The main governing party already runs the state radio and television and the government has negotiated the eventual take-over of the country's sole domestic news agency, Ziana. The acquisition of controlling interests in the newspapers thus completes the government's effective take-over of all the media.

In effect, the long-expected announcement reinstates the tight Government control of the Press that characterised the old days of white rule, when censorship laws effectively turned the newspapers and broadcasting outlets into propaganda tools for the Rhodesian Front Party.

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Iranians move 3 hostages

By Our Foreign Staff

THE THREE American hostages held at the Iranian Foreign Ministry for the last 14 months were moved at the weekend to a secret location shared by some of the other 49 U.S. hostages, according to an Iranian Government spokesman.

No official details were released about the whereabouts of the three, who include chargé d'affaires Bruce Laingen. The move prompted fresh speculation among Western diplomats about Iran's plans for the captives and coincided with further signs of disagreement among senior Iranians over how to resolve the hostage issue.

An editorial in the daily Islamic Revolution newspaper, which supports President Abolhassan Bani-Sadr and the moderate lay politicians, yesterday repeated charges that Iran had wasted the chance to act from a strong position earlier on and have lost the initiative warned that Iran might now

Arguments about how best to pursue the war with Iraq also continued yesterday to add to the dissension between Iran's various governing factions.

Reports on the latest fighting have referred to action in the lower Gulf for the first time since the early weeks of the Iran-Iraq war, now 106 days old.

An Iranian military communique reported the appearance of Iraqi helicopter gunships in the Hormuz Straits

Kissinger urges 'separate talks' on Middle East

BY DAVID LENNON IN TEL AVIV

THE U.S. former Secretary of State, Dr. Henry Kissinger, believes Mr. Ronald Reagan, the President-elect, should hold separate meetings with President Anwar Sadat of Egypt and Mr. Menahem Begin, Prime Minister of Israel, "before convening a tripartite summit" to discuss the Middle East peace process.

Dr. Kissinger is at present on a "private" visit to the region, during which he has already met the leaders of Egypt, Somalia and Israel. He said on his arrival here on Saturday night that his mission would help him assess the regional situation, but admitted he will be reporting to Mr. Reagan on his findings.

Dr. Kissinger said he himself preferred a "step by step" process of trying to resolve the Arab-Israel dispute.

Discussing his own future, the former Secretary of State said that he would not be taking up a permanent post in the Reagan Administration and would not take over the role of U.S. mediator in the Palestinian autonomy talks between Egypt and Israel.

He would, however, be willing to accept "special missions at critical periods" for the new Administration.

Mr. Bassam Shaka, Mayor of Nablus, and the most prominent Palestinian leader on the occupied West Bank, was given a tumultuous welcome when he returned home yesterday, after medical treatment in Britain for injuries received during an attempt on his life last June.

Mr. Shaka immediately served notice on Israel that despite the bomb attack in which he lost both legs, he would continue "to struggle until an independent Palestinian state is established

The Israeli Cabinet yesterday deferred a crisis over teachers' salaries which had threatened to bring down the Government. Rather than risk the walk-out of one of the coalition factions, the Cabinet appointed a sub-committee to try to find a compromise.

SYRIA and Libya have ended their plans to merge into a single state, according to reports in the Kuwaiti Press, Ihsan Hijazi reports from Beirut. The reports said this was due to failure to reach a compromise on the system of government in the proposed united state.

Arab diplomats said the reports were somewhat exaggerated, because officially, Tripoli and Damascus have decided to delay their union until a better understanding can be reached.

REAGAN MEETS THE MEXICAN PRESIDENT TODAY

Bid for better links with oil-rich neighbour

BY WILLIAM CHISLETT IN MEXICO CITY

THE U.S. President-Elect, Mr Ronald Reagan and Sr. Jose Lopez Portillo, President of Mexico, meet today at the Mexican border town of Ciudad Juarez. Their meeting highlights the increasing importance being given in the U.S. to improving relations with its oil-rich southern neighbour.

The meeting, held at the initiative of the U.S., is Mr. Reagan's first scheduled contact with a foreign leader and comes two weeks before he takes office.

It is understood there is no agenda for the meeting and that Mr. Reagan considers it a private and unofficial matter.

While no agreement on important matters is expected to be reached, the talks will give both sides an opportunity to state their views on conflict-laden issues such as energy, trade, and the increasing political violence in El Salvador.

By meeting the Mexican President before taking office, Mr. Reagan hopes to get relations between the two countries on to a better footing right from the start.

Mexico has quickly become the world's fifth largest oil producer, supplying the U.S. with about 750,000 barrels a day out of Mexico's total oil exports of nearly 1.3m b/d and also 300m cubic feet of natural gas.

Mexico, however, recently announced that no one country will in future receive more than half its oil exports. If fully implemented this would mean that the U.S. will not get the amount of oil it would like to receive from so near a source.

Mexico recently replaced the UK as the U.S.'s third largest trading partner. Bilateral trade more than doubled from 1978-80 to $29bn and is growing at about 55 per cent a year.

Mexico has long claimed it

President Lopez Portillo

receives unfair treatment on trade matters from the U.S. At the same time, Mexico, having rejected membership of the General Agreement on Tariffs and Trade (GATT) last year, is still a highly protected economy.

It is planning to increase subsidies to its exports and this could well create problems with the U.S., where it is now easier to levy countervailing duties.

Last week, the Mexican Government served notice on the U.S. that it was ending all its fishing agreements. This becomes effective in January, 1982, and means that no U.S. fishing boat can enter Mexican waters.

In his talks with Sr. Lopez Portillo, Mr. Reagan may well mention his theme of a North American "Common Market," which would also involve Canada. Mexico, however, has already forcefully rejected this path towards solving common problems as a U.S. ploy to get more of its oil.

Mexico, which considers Central America its sphere of influence, fears that the Reagan Administration will step up military involvement in El Salvador to avoid a Left-wing victory.

Sr. Lopez Portillo has already given one "hands off" warning to the Reagan team. Now, he is likely to ask for greater consultation over U.S. policy towards Central America.

Tony Walker writes from Peking: Deng Xiaoping, a Chinese Vice-Chairman, yesterday exchanged views with prominent Republicans, the first high-level contact between China's leadership and members of Mr. Reagan's party since the U.S. election.

Mr. Ted Stevens, Senate Republican Deputy Leader, and Mrs. Anna Chennault, chairman of a Republican nation committee, spent several hours with Mr. Deng.

Later, Mr. Stevens said topics discussed included Taiwan and defence exchanges.

Balsemao forms new Portuguese Cabinet

BY DIANA SMITH IN LISBON

THE NEW Portuguese Cabinet, headed by the moderate Social Democrat leader, Sr. Francisco Pinto Balsemao is now formed, and should take office in the next week.

The list of ministers was leaked unofficially at the weekend. Sr. Anibal Cavaco Silva, the stern monetarist chosen by the late Premier, Sr. Francisco Sa Carneiro, as Finance Minister, refused to serve this time, saying he was tired.

Sr. Balsemao has named Sr. Joao Morais Leitao, a 42-year-old Christian Democrat lawyer, as the new Finance Minister. Sr. Leitao was Minister of Social Affairs in the previous Cabinet, a delicate post that offset monetarist measures with extended social benefits.

In an unorthodox move, Sr. Balsemao has brought in an independent as Foreign Minister: Sr. Andre Goncalves Pereira, a law professor who has served with the Portuguese United Nations delegation.

For the key post of head of the European Economic Community negotiating team, Sr. Balsemao has turned to Sr. Alvaro Barreto, an able technocrat who aquitted himself well in the industry and energy portfolios in the last Government. Portugal hopes to join the EEC as a full member in 1983 and until now negotiations have lacked firm Government directives and local follow up.

Sr. Balsemao was preferred by his party, the strongest element of the ruling Democratic Alliance of Social Democrats, Christian Democrats and Monarchists, to more conservative candidates for the party leadership and premiership.

Wyszynski reassures Solidarity

By Christopher Bobinski in Warsaw

CARDINAL Stefan Wyszynski, the Polish Primate, has shown the authorities that the church recognises that members of dissident groups can play a legitimate role within Solidarity, the independent trade union.

Both the Soviet Press and the other Eastern European media have been attacking dissidents working with Solidarity as "anti-Socialist elements."

But yesterday, Cardinal Wyszynski received a seven-man delegation of the Warsaw branch of Solidarity which included Mr. Adam Michnik, a prominent member of KOR, a dissident group, and Mr. Henryk Wujec, another KOR member.

Cardinal Wyszynski told the delegation that all the Polish bishops were united in their support for the independent union movement.

The cardinal asked union members to provide him with a list of people at present imprisoned on political charges.

Guadeloupe nationalists claim Paris office blast

BY ROBERT MAUTHNER

A GUADELOUPE independence group has claimed responsibility for a bomb explosion which took place early yesterday morning in front of the world famous Chanel dress designing and perfume headquarters in the centre of Paris, destroying its entire ground floor.

The porter of the building was slightly injured but several cars parked in the street near the Place de la Concorde were destroyed in the blast.

An anonymous caller later told the French news agency he was a member of the Armed Liberation Group (GLA) of the French West Indian island of Guadeloupe and said the GLA demanded the departure of "French colonial forces" from the island.

The GLA claimed responsibility for a series of bomb attacks in Guadeloupe throughout 1980, culminating in an explosion at the capital's airport during President Giscard d'Estaing's private visit to the island at Christmas.

World Bank to drop Indian loan

BY K. K. SHARMA IN NEW DELHI

THE WORLD BANK is now certain to withdraw the offer of a $250m loan to India which was to help fund a giant fertiliser complex at Thal, near Bombay. The complex was to rely on natural gas at present being flared in the Bombay High offshore oilfield.

The withdrawal springs directly from the World Bank's disapproval of India's decision to change the consultants for the fertiliser project. The change was made soon after Mrs. Indira Gandhi came back to power about a year ago when a review of all contracts with foreign concerns made by the Janata Government was ordered.

The original consultants, C. S. Braun of the U.S., were dropped and replaced by a Danish firm, Haldor Topsoe, which is 50 per cent-owned by an Italian group, Snam Progetti, in a decision which split the Indian Cabinet committee which took it.

The World Bank, which had agreed to aid the project in 1979, questioned the need for a change in consultants.

According to the reports, the World Bank has found India's explanation for the change unacceptable and has rejected the Government's request for more time to elaborate on the explanation. This will inevitably lead to the withdrawal of the loan offer.

India accounts for nearly 40 per cent of the loans given by the World Bank's soft-loan affiliate, the International Development Association (IDA), and has never before had trouble obtaining credit from the organisation.

Reuter adds from Calcutta: Mrs. Gandhi said yesterday the World Bank decision was unjustified. She said there was nothing unusual in the decision to change consultants and the World Bank had no right to interfere in the country's internal affairs.

African ministers meet on eve of Namibia talks

BY OUR FOREIGN STAFF

FOREIGN MINISTERS of the "front line" African states of Angola, Mozambique, Botswana, Zambia and Zimbabwe, and Mr. Sam Nujoma, leader of the South West African People's Organisation (SWAPO), met in the Angolan capital of Luanda at the weekend to co-ordinate their positions for this week's United Nations ceasefire negotiations on Namibia in Geneva.

While reports from Luanda indicate that the front line representatives and SWAPO will take a hard line in Geneva, Mr. Dirk Mudge, leader of the South African sponsored Democratic Turnhalle Alliance, the ruling party inside the territory, said yesterday no ceasefire would be signed until absolute agreement was reached on the future of the disputed territory.

In Cape Town, meanwhile, Mr. R. F. (Pik) Botha, the South African Foreign Minister, sent an angry letter to Dr. Kurt Waldheim, the UN Secretary General, attacking United Nations policy in southern Africa. He accused the UN of "playing out a charade based on fiction

WORLD TRADE NEWS

UK issues guide on dumping suits

BY PAUL CHEESERIGHT

THE GOVERNMENT today moves to reassure British businesses hurt by cheap foreign imports of its anxiety to seek quick remedies through the EEC. It is publishing a guide on how to lodge and pursue an anti-dumping complaint.

"If there are grounds to believe that a good case can be made, you can be assured of the support of the Department of Trade at every stage." Mr. Cecil Parkinson, the Minister for Trade, tells businessmen. The department's anti-dumping unit will work with industry to assemble evidence.

The guide sets out the stages for companies to follow in preparing their evidence for presentation to the EEC Commission in Brussels where the decisions on accepting or rejecting anti-dumping cases will be made.

Behind the Government's move is the realisation that the Commission is short-staffed and that its apparent tardiness in taking decisions is the source of acute concern to British businesses hurt by recession and threatened by cheap imports.

The Government is working on the basis that the anti-dumping procedure can be speeded with more careful preparatory work by both industry and officials in the UK, so that where an industry is being materially injured this will be quickly apparent to Commission officials.

The less time-wasting communication there is between Brussels and London dealing with the details of a case, the quicker the Commission will be able to move to a decision.

This approach is likely to be welcomed by the Confederation of British Industry, which last November produced its own recommendations for streamlining the handling of anti-dumping complaints. However, the CBI demanded much more radical action than the Government is considering.

Initiatives by the Government to seek sweeping changes in EEC anti-dumping policy or procedures over the next few months are effectively ruled out and its efforts in this area are likely to be concentrated on refining existing machinery.

There is, in the first place, a reluctance to relax present strict provisions for taking anti-dumping action. "If we in the Community started to apply less rigorous standards of proof, we should be inviting abuse of the rules in other countries: and our exports would be the first to suffer," says Mr. Parkinson.

There is also a desire to see how the new GATT codes on dumping and subsidies work in practice and no assessment is likely to carry much validity until they have been working for two years. They came into operation last January.

Similarly, there is felt to be a need to see how the EEC's own new regulations, a result of the GATT codes, work in practice.

Further, two fresh reports on anti-dumping are expected in the next few months: one from the Commons select committee on industry and trade, and another from a European Parliament committee. No governmental initiatives are expected until after their publication.

The British Government is still keen to see the Commission's anti-dumping staff increased. At present it is held to 18 case officers and seven support staff. So far it has been foiled by budgetary pressures.

The Commission itself, in a scaled-down demand, has sought to create an extra 13 posts in the anti-dumping unit. But there has been agreement only to increase the total staff of the Commission by 22, thus ruling out such a sharp rise in the strength of one unit.

Dutch to place £6m order with Volvo Car

BY CHARLES BATCHELOR IN AMSTERDAM

THE Dutch Government is to place a F125m (£6m) order with Volvo Car in an effort to boost the sales of the loss-making company. It is considering further possible Government orders for the company and has urged local authorities to do the same.

The decision by the Justice Ministry to order 1,500 Volvo 343s for police use represents a significant change in Government ordering policies. Departments have previously taken their purchasing decisions on purely economic grounds.

The cars, which will replace Fiats, will be delivered over a five-year period. The delivery rate of 300 cars a year represents only about one day's production at Volvo Car's main assembly plant at Born.

Volvo Car, which is 55 per cent-owned by Volvo with the remaining shares belonging to the Dutch State, has drawn up plans to shed one in five of its 5,900-strong workforce this year. Production capacity will be cut to 80,000 from 93,500. This will save F185m a year starting in 1982.

The Dutch Government has become increasingly involved in the fortunes of Volvo Car—formerly the car division of the Daf family concern—in recent years, providing substantial aid and taking a larger share in its equity.

PUBLIC NOTICE

NOTICE

THE FOREIGN COMPENSATION (PEOPLE'S REPUBLIC OF CHINA) (REGISTRATION) ORDER 1980

(S.I. 1980 No: 1720)

Attention is drawn to the terms of the above-mentioned Order which enables the Foreign Compensation Commission to receive from United Kingdom nationals (as defined in the Order) applications to register certain claims relating to loss of property, including various classes of debts, pensions and bank balances (but excluding bonds denominated in a currency other than a Chinese currency), formerly owned by United Kingdom nationals in the territory controlled by the authorities of the People's Republic of China.

Persons who wish to apply for registration should write for application forms to the:
Secretary
Foreign Compensation Commission
Alexandra House
Kingsway
London WC2B 6TT.

An application cannot be entertained unless it has reached the Foreign Compensation Commission on or before July 5, 1981.

World air traffic growth slows

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S airlines together carried nearly 750m passengers on scheduled services in 1980, about 2.5 per cent more than in 1979.

This was a substantially lower rate of growth than the average of 10 per cent a year experienced during the 1970s, and it reflects the economic recession which has severely affected airline traffic and revenues.

The passenger figure, published by the International Civil Aviation Organisation (the aviation technical agency of the UN), does not include non-scheduled and charter traffic. If this is included, total world air passenger traffic in 1980 was probably in excess of 1bn.

The ICAO estimates that air cargo in 1980 rose by about 3.5 per cent to about 29bn tonne-kilometres flown, the second lowest rate of growth over the past decade. During the 1970s, the average annual rate of air cargo expansion was about 9 per cent.

● The three Paris airports — Charles de Gaulle, Orly and Le Bourget — collectively handled 26.4m passengers in 1980, 4.8 per cent more than in 1979. Freight handled rose by 3 per cent to 570,000 tonnes. The three Paris airports together thus retained second place after London (Heathrow and Gatwick) in the list of Europe's busiest airports.

● El Al, the Israeli airline, has signed a contract with Boeing of the U.S., for four of the new twin-engined semi-wide-bodied Boeing 767 jet airliners.

The deal, first announced some weeks ago, is worth about $200m. The aircraft are due for delivery in 1983-84, and will be used on El Al's medium-range routes in Western Europe.

Britons win £7m Jeddah contract

By Our World Trade Staff

A CONTRACT worth £7m to build a 14-storey office block in Jeddah, Saudi Arabia, has been won by the local associate of R. M. Douglas Construction, the Birmingham civil engineering group.

The block will be built for Shaikh Mohammed Abdullah Alireza by Al-Esayi Saif Noman Douglas, starting early this year.

The consultants are Bellante, Clauss and Miller-Tariq Alireza of Jeddah.

● Petrocarbon Developments of Manchester is to design a plant to purify and liquefy carbon dioxide at Stenungsund in south west Sweden for AGA Gas. The contract, which also includes the supply of equipment and supervision of construction is worth £500,000.

SHIPPING REPORT

Rates improve for large cargo-carriers

By Our Shipping Correspondent

THE LEVEL of activity in the dry bulk cargo markets has not been great over the holiday period, but there has been a marked contrast between the performance of the large bulkers versus the smaller, handier sized vessels.

Denholm Coates, the ship brokers, reports that rates for the larger size vessels have been well maintained, and in some cases have strengthened.

Th key U.S. Gulf-Continent grain rate is hovering around $22.50 a ton, close to its 1980 peak.

In the coal trades, the congestion at America's east coast coal ports remains the key factor. The rates for Hampton Roads-Japan start the New Year at about $28.75 per ton. This equals the 1980

By contrast, the rates for smaller bulk carriers have been softening. The rate for a 30,000 tonner on the U.S. Gulf-Japan route has dropped by about a tenth from its 1980 peak to $36 per ton.

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Indonesia's trade expected to grow by $10bn in next year

BY RICHARD COWPER IN JAKARTA

FAVOURABLE price and production trends coupled with good prospects for economic growth means that Indonesian trade in 1980-81 should grow by a record $9.9bn (£4.2bn) making Indonesia one of the more fortunate of the world's developing countries.

This forecast comes in a mid-term economic trends report produced by the U.S. embassy in Jakarta. It predicts that imports and exports combined will grow 35 per cent from $28.5bn in 1979-80 to $38.4bn in 1980-81.

The good news for countries exporting to Indonesia is that, with the Indonesian economy now fully recovered from the effects of the 33.6 per cent devaluation of the rupiah in November, 1978, Indonesian imports are set to grow at roughly double last year's rate. The U.S. report forecsts that imports into Indonesia will increase 37 per cent this year to a record $15.1bn.

Because Indonesia's position as a significant oil exporter whose other commodities have also maintained an enviable world market position means that balance of payments and reserves constraints have diminished for the present, says the report, good prospects for overall growth and expanded international trade continue.

Major project planning in Jakarta is now in high gear, and there is intense interest in the foreign business community in the Government's ambitious expansion programme for improving basic infrastructure as well as in a number of major industrial projects, mainly in the petroleum and petrochemical fields.

"Total value of major industrial expansion planned over the next few years exceeds $10bn, with the Government still seeking joint venture arangements and export credits for equipment from foreign partners," says the report.

The Indonesian Government is planning major industrial expansion and has ambitious programmes to improve the country's infrastructure. Freed, for the present at least, from balance of payments constraints, Indonesia will this year import goods worth $15.1bn (£6.3bn), 37 per cent more than last year. Japan and the U.S. are the trading partners best placed to take advantage of the emerging business opportunities.

Japan, (by far Indonesia's largest trading partner) and the U.S. are best placed to take advantage of the new opportunities, though Singapore and some European countries should do well too.

Japanese exports to Indonesia rose more than 60 per cent to $1.5bn in the first six months of 1980, according to to the embassy report, the U.S. has recently managed to increase its share of the Indonesian market and now has sales which exceed $1bn annually. If Japan maintains its 30 per cent share of Indonesian imports, Tokyo should be exporting around $4.5bn worth of goods to Indonesia in the 1980-81 fiscal year.

Of the EEC countries Germany, with around 6 per cent of the Indonesian market, seems best placed to boost its exports, while Britain, which in the last fiscal year accounted for nearly 3 per cent, seems to have been badly affected by a textile dispute which has already threatened to lose it $150m in orders from Indonesia. If Britain were to have maintained its share of the Indonesian market it could have expected orders in 1980-81 worth around $165m

The improved outlook for Indonesia's economy that has fuelled this increase in imports has largely been made possible by Indonesia's position as the leading oil and gas exporter east of the Persian Gulf. In particular, says the report, the large crude oil price increases of recent years and the prospect of higher prices in the years ahead have markedly improved the short- and medium-term prospects for Indonesia.

The report says that the "apparent arrest of what had been a moderate but steady production decline since 1977 means that output, which averaged around 1.56m b/d in the first six months of 1980, will "probably not fall further." The report predicts that foreign exchange earnings from oil and gas will increase to $175bn in 1980-81, up 51 per cent on oil and gas exports of $1.3bn in 1979-80.

World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.$m)

	Oct. '80	Sept. '80	Aug. '80	Oct. '79
UK	19,553	19,634	20,350	17,928
France	26,575	25,701	25,602	15,053
W. Germany	41,701	44,108	45,773	47,284
U.S.	7,194	6,154	5,946	2,925
Japan	21,007	19,935	19,191	19,339
Italy	20,670	20,234	20,845	17,760
Netherlands	10,608	10,221	18,711	6,436
Belgium	6,496	6,953	7,171	4,888

Source: IMF

Germans win £22m order

AMMAN—A West German construction company has been awarded a $52m (£22m) contract to build a white cement factory in Jordan.

The deal is expected to be signed by Babcock Krauss-Maffei Industrianlagen of Munich and the Amman-based Syrian-Jordanian Company for Industry this month.

The plant, with a capacity of 100,000 tons a year, will take three years to build. Production will supply both Syrian and Jordanian markets.

AP-DJ

Bank of England studies 'possible' futures market

BY DAVID MARSH

THE BANK of England will this week be getting down in earnest to detailed studies on whether to allow the start-up of a financial futures market in London dealing in forward contracts in currencies and interest rates.

A decision whether to give the scheme the green light is not expected until some way into the New Year. It seems unlikely however that the bank will fail to give the market the go-ahead, although considerable points of detail remain to be ironed out.

The proposed new market would represent a significant new addition to London's range of financial services, and has already received a generally positive response from the City and other potential participants.

The working party of City institutions that has put forward the proposals last week sent to the Bank details of reaction to the idea from several hundred potential users of the market—ranging from banks and stockbrokers to local authorities and corporate treasurers.

The market would allow businessmen and investors to take out forward cover to minimise their risks on volatile foreign exchange and credit markets.

Mr. John Barkshire, chairman of money brokers Mercantile House Holdings and head of the working party, said that out of 2,000 possible participants in the market contacted since the autumn, the overwhelming majority were in favour of the scheme.

The working party said when it launched the proposals at the end of September that it hoped the market could get going by late 1981 or early 1982.

A financial futures contract is an agreement to buy or sell a standard quantity of a set type of financial instrument or currency at a predetermined date in the future.

Under the working party's plans, participants would be able to deal in forward contracts in sterling and dollar interest rates and in five major currencies — the dollar against sterling, the deutschemark, yen and the Swiss franc.

The Bank of England has already had preliminary technical talks with the scheme's backers but it has made clear that it will give the go-ahead only if it is assured that the market would satisfy a genuine need and not lead to speculative excesses.

Mr. Barkshire said interest in the idea had been greater than expected. Five seminars organised this autumn to explain the scheme were oversubscribed and a sixth added to catch the overflow was also overbooked.

Apart from participants in banking and other mainstream areas of finance, he said other interested bodies included pension funds, insurance companies, building societies, U.S. bond houses and investment analysts.

One of the more unorthodox inquiries came from a prisoner in Dartmoor — who also asked if the working party could arrange him a £1m mortgage.

But Mr. Barkshire said that although the seminars and other information sessions had raised a variety of questions about how the market might perform, only one person had written in entirely opposing the scheme.

Gilts market bullish, says survey

By Peter Riddell, Economics Correspondent

THE gilt-edged market is strongly bullish and optimistic about this year's financial prospects, according to a survey of fund managers, brokers and economists published this morning by L. Messel, stockbrokers.

Most surveyed expect a decline in Minimum Lending Rate from 14 per cent to just over 11 per cent by the end of this year, while the gross redemption yield on long-dated stocks should drop by more than 2¼ percentage points to 11½ per cent.

The survey is based on 220 replies. More than half the respondents are described as actively involved in gilt-edged investment.

The answers support Government hopes about a reduction in the price inflation rate this year. But more than three-fifths surveyed expect the public-sector borrowing forecast for 1981-82 will be more than £10bn, compared with about £7½bn implied by the Government's medium-term strategy.

Daimler-Benz to invest £30m in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DAIMLER-BENZ'S UK subsidiary will invest a further £30m by the mid-1980s to consolidate and improve its position in Britain's commercial vehicle and car markets.

In spite of the steep decline in demand for heavy commercial vehicles in the UK in 1980, the subsidiary, Mercedes-Benz (UK), maintained sales at about £160m.

Profits in the two years to the end of 1978, the latest filed, were about £6m on a lower turnover.

Mr. Erich Krampe, the managing director, says the West German parent company's policy is to "charge top prices for the products it sends us but to take no dividends."

Capital spending in 1981 will cover the final stages of a distribution centre at Harwich, the redevelopment of a big site at Brentford for retail and service facilities and a new depot to replace the existing one at Wakefield.

Mercedes-Benz (UK) sold about 5,100 commercial vehicles in 1980 compared with the 5,262 registered for the first time the previous year.

The company is disputing top place with Volvo Trucks among the importers of vehicles over 3.5 tonnes gross weight. However, Volvo's range starts at about 16 tonnes while Mercedes has a broader variety. About 2,000 vans were included in Mercedes' 1980 sales.

Mr. Krampe hopes to increase sales of commercial vehicles to about 6,000 in 1981 even though the company predicts a further 10 per cent fall in the UK market for commercial vehicles over 3.5 tonnes.

The main boost should come from vans, which could account for half the 1981 total because petrol engined versions are to be launched in Britain in February. So far, Mercedes has had only diesel types available.

The company now has 45 full-line commercial vehicle dealers and Mr. Krampe maintains that in 1981 "our main consideration will be not to put too much stress on the dealer organisation which is our biggest asset."

In 1980 Mercedes steered clear of the cut-price offers which became a feature of the heavy truck market as sales slumped. But it gave bonuses to those dealers who achieved sales targets.

And the high value of sterling compared with the deutschmark enabled the company to hold prices steady for longer than normal.

Mercedes' car business will show a 20 per cent or more unit sales increase for 1980 compared with the 12 per cent drop in the market.

In spite of the replacement of or major changes to 80 per cent of the model range in 1980, Mercedes pushed up sales to 8,800 from 7,900 the previous year.

In 1981 Mercedes' 98 car dealers could sell up to 10,000 cars because they will have the new 200 series models with improved fuel consumption and wider variety of body syles. And the new "S" class saloons will also be introduced to the UK in 1981.

Channel 4 editors named

THE FIRST senior editorial appointments to the new Independent Television channel, Channel 4, which is due to start transmission in autumn next year, are announced today.

They are the three senior commissioning editors who will join in April, begin commissioning programmes this summer.

They are: Liz Forgan, 36, women's editor of The Guardian; Naomi Mackintosh, 47, Professor of Applied Social Research at the Open University; and David Rose, 56, head of drama, English regions, BBC Television.

With Jeremy Isaacs, Channel 4 chief executive, and Paul Bonner, channel controller, the three editors will formulate programme policy.

Gas risk follows holiday

A WARNING of possible gas explosions after the long Christmas break has been made by the British Safety Council.

It says if shops, factories or offices have been shut down for the two-week period there is risk of a build-up of gas and urges workers to be extremely cautious.

The council suggests:

- Enter building with caution
- Do not smoke
- Sniff for gas before switching on light or electrical appliance
- If gas is present open all doors and windows and call local gas emergency number

It points out that there was a spate of major explosions after the long Christmas of 1976-77.

Faltering recovery is forecast

BY PETER RIDDELL

A FALTERING economic recovery and continuing high unemployment can be expected over the next few years, two leading non-monetarist forecasters warn this morning.

Phillips and Drew, stockbrokers, say the current recession is likely to be sharper than the depression of 1929-31, while Cambridge Econometrics foresees a spread of unemployment into hitherto more prosperous parts of the economy and the country.

Phillips and Drew expects the decline in manufacturing output to total about 14 per cent between 1979 and 1981, compared with 11 per cent in 1929-1931.

Moreover, this follows a decade in which the UK appears to have recorded its worst manufacturing performance since the Industrial Revolution in the early 19th century.

Even in terms of total output, as measured by real Gross Domestic Product, the present recession is estimated to be almost equivalent to that of 1929-31.

The firm suggests that the trough of the recession is unlikely to be reached before mid-1981 and, unlike the 1930s, a rapid and sustained recovery now looks much less likely unless Government policy changes.

Consequently, unemployment, including school-leavers, is likely to approach 3m by the end of this year and there seems virtually no possibility of a sharp fall at any time in the next few years if present policies continue.

Similarly, Cambridge Econometrics forecasts a rise in unemployment to more than 3m in 1982 and possibly up to 3.7m by the end of the decade.

Cambridge Econometrics is the commercial arm of the Cambridge Growth Project, a 20-year research programme at the university's Department of Applied Economics. It is completely separate from Mr. Wynne Godley's Cambridge Economic Policy Group.

The Cambridge Econometrics team expects the turning point to come this year but any recovery will be hesitant — with a rise in total output of 0.7 per cent only next year after a near 2 per cent drop this year. Any pick-up will be led by services- and consumer-orientated industries.

The Cambridge Growth Project model looks at individual sectors in detail and says that industries with better prospects include food, drink, printing, paper, oil-refining and clothing.

N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ

Established at The Hague, The Netherlands

(Royal Dutch)

GENERAL MEETING OF SHAREHOLDERS

to be held on Wednesday 28th January, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchillplein, The Hague, The Netherlands.

AGENDA:

1.- Proposal to amend the Articles of Association and to authorize the Board of Management – in accordance with the provisions in Article 124, Book 2 of the Netherlands Civil Code – to make any changes considered necessary by the Ministry of Justice.

This agenda and the proposal to amend the Articles of Association are available for inspection and may be obtained by shareholders free of charge at the Company's office, 30 Carel van Bylandtlaan, The Hague, and at the head offices of the banks mentioned below.

A. Holders of share certificates to bearer may – either in person or by proxy – attend and address the meeting and exercise voting rights if their share certificates, or evidence that their certificates are held in open custody by De Nederlandsche Bank N.V., are deposited against receipt **not later than 22nd January, 1981,** at one of the banks mentioned below, viz.:

In The Netherlands
Algemene Bank Nederland N.V.; Amsterdam-Rotterdam Bank N.V.; Bank Van der Hoop Offers N.V.; Bank Mees & Hope NV; Banque de Paris et des Pays-Bas N.V.; Kas-Associatie N.V.; Pierson, Heldring & Pierson N.V.

In Austria
Creditanstalt-Bankverein, Vienna; Österreichische Länderbank AG, Vienna; Schoeller & Co., Vienna.

In Belgium
Société Générale de Banque S.A., Brussels; Crédit Lyonnais, Brussels; Kredietbank N.V., Brussels.

In the Federal Republic of Germany
Deutsche Bank AG, Frankfurt/Main, Düsseldorf, Hamburg or Munich; Dresdner Bank AG, Frankfurt/Main, Düsseldorf, Hamburg, Munich or Saarbrücken; Deutsche Bank Berlin AG, Berlin; Bank für Handel und Industrie AG, Berlin; Deutsche Bank Saar AG, Saarbrücken.

In France
Lazard Frères & Cie, Paris.

In Luxembourg
Banque Internationale à Luxembourg S.A., Luxembourg.

In Switzerland
Schweizerische Kreditanstalt, Zürich; Schweizerischer Bankverein, Basle; Schweizerische Bankgesellschaft, Zürich; Bank Leu AG, Zürich; Pictet & Cie, Geneva.

In the United Kingdom
N.M. Rothschild & Sons Limited, London.

In the United States of America
The Chase Manhattan Bank, N.A., New York.

B. Holders of registered shares may – either in person or by proxy – attend the meeting and exercise the aforementioned rights if they make known to the Company **in writing not later than 21st January, 1981,** their desire to do so:

with respect to shares of The Hague Registry:
at the Company's office at The Hague;
with respect to shares of Amsterdam Registry:
at the office of Algemene Bank Nederland N.V., C.K.E., P.O. Box 2230, Breda, The Netherlands;
with respect to shares of New York Registry:
at the office of The Chase Manhattan Bank, N.A., New York.

C. Holders of certificates for "New York shares", which are depositary receipts issued pursuant to an agreement dated 10th September, 1918, under which The Chase Manhattan Bank, N.A., is successor depositary, may – either in person or by proxy – attend and address the meeting if their certificates for "New York shares" are deposited against receipt **not later than 22nd January, 1981,** at Algemene Bank Nederland N.V., C.K.E., P.O. Box 2230, Breda, The Netherlands, or The Chase Manhattan Bank, N.A., New York.

What is stated above with respect to the availability for inspection or the possibility of obtaining the agenda and the proposal to amend the Articles of Association likewise applies to holders of priority shares and holders of certificates for "New York shares".

If the proportion of the issued capital required for an amendment of the Articles of Association in virtue of Article 40 should not be represented at the Meeting, a second General Meeting of Shareholders will be held in accordance with the provisions of that Article, namely at the same place on 25th February, 1981, to which Meeting the proposal mentioned under item 1 of the Agenda will again be submitted.

The Hague, 5th January, 1981

The Supervisory Board

COURTAULDS INTERNATIONAL FINANCE N.V. 9% GUARANTEED LOAN DUE 1982
UNCONDITIONALLY GUARANTEED BY COURTAULDS LIMITED.

NOTICE IS HEREBY GIVEN that pursuant to Condition 5 of the terms and conditions of the Loan and Clause 2 of the Trust Deed dated as of the 28th day of January, 1970, between Courtaulds International Finance N.V. "the Company", Courtaulds Limited, "the Guarantor", Lloyds Bank Limited, "the Trustee", the Bonds bearing the following serial numbers have been drawn for redemption on the 1st February, 1981 by operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof. The redemption payment of each Bond drawn for redemption will become due and payable on the 1st February, 1981. Interest on such Bonds will cease to accrue on and after such date.

11	28	37	40	48	53	65	68	71	73
82	101	156	159	169	172	180	182	187	188
218	222	230	238	239	241	251	259	263	267
268	295	299	313	350	357	358	371	398	405
437	445	464	469	473	474	479	495	499	508
510	522	554	555	562	569	586	589	606	632
647	653	664	671	695	708	719	724	747	749
752	763	778	789	794	827	836	880	886	890
906	911	917	920	926	942	956	964	971	972
979	982	999	1004	1011	1022	1040	1042	1045	1048
1069	1071	1079	1080	1082	1083	1091	1093	1105	1111
1118	1126	1144	1157	1201	1214	1222	1224	1255	1256
1260	1264	1298	1306	1315	1317	1365	1368	1392	1427
1437	1441	1462	1481	1484	1499	1505	1514	1520	1534
1535	1573	1580	1586	1591	1615	1617	1619	1621	1645
1663	1667	1674	1679	1680	1684	1697	1702	1709	1711
1713	1720	1722	1727	1731	1761	1779	1785	1794	1799
1811	1818	1827	1834	1857	1870	1898	1903	1906	1907
1911	1916	1931	1957	1959	1961	1971	1972	1973	1997
2003	2025	2033	2038	2040	2042	2045	2047	2057	2058
2064	2068	2084	2086	2105	2109	2119	2120	2127	2132
2135	2160	2169	2176	2193	2206	2219	2235	2241	2242
2261	2264	2265	2271	2284	2285	2288	2289	2311	2328
2330	2337	2342	2354	2359	2363	2384	2404	2411	2420
2421	2425	2436	2460	2477	2548	2550	2569	2573	2578
2584	2586	2587	2597	2606	2624	2634	2645	2650	2653
2656	2663	2666	2681	2682	2687	2704	2711	2713	2726
2731	2733	2735	2741	2742	2746	2749	2757	2772	2779
2792	2794	2809	2811	2822	2830	2845	2858	2861	2870
2873	2900	2907	2922	2924	2935	2941	2951	2960	2992
2994	3012	3040	3043	3047	3051	3052	3067	3068	3069
3070	3079	3085	3087	3098	3115	3120	3123	3142	3145
3153	3156	3157	3158	3165	3168	3170	3172	3179	3185
3186	3193	3195	3196	3205	3209	3213	3224	3231	3232
3241	3254	3261	3280	3283	3284	3289	3299	3332	3338
3351	3352	3359	3361	3379	3387	3389	3415	3417	3435
3438	3453	3462	3470	3471	3482	3502	3509	3523	3527
3537	3547	3550	3555	3569	3573	3589	3592	3597	3609
3618	3619	3622	3626	3628	3647	3666	3668	3672	3677
3702	3706	3711	3716	3733	3743	3749	3751	3759	3767
3768	3793	3797	3801	3807	3808	3818	3821	3833	3836
3850	3854	3879	3891	3895	3917	3918	3922	3927	3930
3937	3945	3966	3980	3997	4004	4005	4021	4024	4027
4039	4046	4048	4050	4064	4085	4089	4100	4108	4119
4128	4140	4141	4151	4162	4165	4185	4194	4207	4209
4218	4233	4235	4248	4261	4268	4276	4278	4285	4287
4292	4302	4303	4304	4319	4327	4329	4335	4349	4354
4367	4373	4386	4404	4405	4411	4417	4422	4430	4432
4433	4439	4440	4441	4458	4460	4481	4518	4528	4543
4548	4557	4567	4603	4622	4638	4661	4667	4674	4678
4695	4701	4703	4709	4721	4723	4730	4746	4753	4754
4759	4768	4776	4782	4789	4795	4802	4804	4805	4812
4813	4815	4817	4825	4827	4828	4831	4834	4836	4857
4858	4869	4913	4943	4962	4979	4983	4986	4998	5013
5033	5035	5043	5047	5055	5067	5075	5087	5099	5100
5104	5112	5130	5132	5136	5140	5148	5189	5194	5199
5218	5223	5228	5234	5241	5243	5249	5250	5260	5303
5321	5332	5346	5355	5364	5367	5368	5373	5387	5403
5414	5420	5422	5437	5451	5465	5468	5474	5479	5481
5487	5495	5498	5506	5519	5521	5539	5551	5552	5557
5566	5568	5569	5581	5585	5589	5593	5604	5635	5647
5650	5659	5660	5666	5667	5678	5689	5725	5750	5753
5763	5780	5810	5813	5817	5829	5836	5841	5845	5876
5879	5891	5913	5927	5932	5933	5942	5948	5949	5957
5960	5963	5967	5968	5971	5972	5987	5995	5996	5998
6003	6035	6049	6050	6056	6064	6066	6085	6086	6088
6118	6122	6154	6157	6159	6174	6195	6200	6227	6228
6239	6254	6255	6262	6265	6280	6282	6294	6308	6321
6328	6354	6397	6399	6433	6440	6444	6447	6452	6454
6487	6490	6504	6519	6532	6538	6543	6545	6562	6601
6614	6616	6618	6623	6634	6650	6652	6673	6674	6691
6697	6703	6707	6709	6715	6718	6719	6720	6742	6744
6759	6760	6762	6773	6775	6793	6804	6827	6834	6835
6838	6842	6849	6858	6865	6876	6882	6897	6908	6910
6911	6914	6915	6916	6923	6931	6936	6952	6963	6968
6979	6991	6993	7002	7016	7023	7035	7061	7088	7106
7108	7116	7117	7118	7134	7139	7140	7147	7152	7165
7176	7178	7179	7186	7188	7207	7213	7224	7225	7230
7240	7252	7266	7270	7283	7285	7292	7295	7297	7306
7312	7330	7332	7338	7341	7342	7352	7357	7378	7380
7402	7412	7414	7421	7453	7465	7472	7475	7482	7509
7512	7531	7537	7549	7556	7568	7581	7614	7618	7637
7638	7651	7653	7676	7683	7686	7701	7713	7727	7732
7745	7753	7754	7770	7774	7777	7780	7783	7785	7797
7798	7803	7806	7821	7835	7840	7846	7860	7879	7881
7896	7900	7909	7910	7926	7927	7933	7934	7945	7951
7967	7974	7980	7981	7993	8012	8022	8034	8040	8043
8048	8049	8052	8053	8054	8071	8089	8105	8106	8119
8140	8142	8148	8153	8158	8173	8177	8183	8191	8200
8227	8238	8240	8250	8253	8260	8261	8265	8285	8289
8293	8298	8300	8304	8308	8325	8331	8336	8343	8347
8365	8369	8371	8378	8404	8408	8419	8420	8422	8428
8435	8443	8452	8453	8464	8474	8485	8490	8498	8522
8525	8529	8532	8533	8534	8571	8572	8576	8579	8587
8594	8601	8613	8614	8627	8653	8659	8675	8676	8682
8685	8690	8696	8701	8706	8712	8715	8719	8725	8727
8732	8733	8737	8760	8771	8781	8785	8791	8798	8823
8836	8855	8856	8860	8879	8903	8922	8926	8944	8950
8961	8984	8999	9022	9023	9033	9039	9051	9055	9062
9065	9072	9080	9091	9093	9097	9098	9099	9109	9114
9120	9125	9139	9151	9153	9162	9175	9205	9211	9220
9231	9235	9245	9260	9268	9270	9283	9288	9292	9295
9306	9310	9359	9411	9422	9438	9440	9452	9459	9468
9470	9471	9478	9499	9509	9521	9525	9527	9531	9541
9543	9548	9555	9558	9574	9611	9644	9646	9649	9656
9659	9663	9690	9694	9720	9724	9725	9726	9739	9751
9761	9770	9779	9781	9798	9820	9823	9841	9842	9864
9865	9889	9895	9903	9906	9910	9941	9945	9955	9959

9960	9982	9984	9996	10001	10002	10015	10020	10021	10033
10036	10038	10042	10043	10062	10074	10078	10085	10093	10121
10129	10132	10137	10151	10168	10181	10211	10230	10239	10252
10275	10288	10291	10318	10322	10325	10326	10327	10351	10353
10357	10358	10383	10386	10398	10400	10403	10407	10408	10410
10411	10419	10422	10453	10455	10456	10467	10498	10509	10511
10521	10534	10541	10553	10559	10562	10563	10579	10581	10583
10586	10596	10605	10608	10629	10651	10652	10671	10677	10678
10692	10704	10717	10718	10746	10753	10765	10770	10787	10798
10801	10811	10822	10823	10839	10842	10858	10868	10876	10878
10879	10881	10883	10895	10903	10911	10922	10932	10940	10945
10949	10953	10960	10965	10970	10990	10997	11008	11021	11022
11031	11054	11057	11085	11088	11099	11101	11115	11128	11149
11151	11156	11159	11161	11164	11166	11177	11197	11211	11218
11222	11237	11238	11240	11245	11253	11279	11316	11322	11324
11329	11332	11349	11351	11358	11388	11399	11402	11418	11419
11422	11433	11435	11455	11458	11463	11477	11514	11518	11531
11536	11564	11592	11615	11618	11619	11629	11631	11651	11656
11678	11684	11715	11716	11723	11728	11733	11739	11741	11759
11764	11765	11796	11803	11808	11817	11818	11851	11855	11865
11872	11885	11886	11889	11918	11940	11953	11970	11972	11975
11978	11981	11982	12012	12029	12035	12037	12039	12044	12049
12060	12085	12088	12103	12106	12108	12124	12126	12127	12132
12148	12151	12166	12192	12201	12204	12211	12214	12217	12227
12231	12238	12240	12243	12278	12295	12303	12324	12329	12331
12347	12360	12362	12364	12368	12377	12388	12392	12393	12400
12405	12416	12444	12449	12473	12475	12480	12481	12494	12496
12500	12507	12515	12520	12539	12546	12566	12568	12569	12620
12622	12634	12649	12658	12672	12690	12692	12693	12704	12711
12714	12732	12768	12780	12786	12799	12809	12816	12823	12884
12906	12907	12917	12922	12926	12950	12960	12967	12972	12974
12987	13001	13004	13027	13033	13065	13070	13075	13089	13101
13113	13122	13125	13130	13132	13139	13158	13192	13197	13207
13211	13219	13235	13246	13255	13263	13279	13284	13285	13295
13335	13355	13357	13358	13362	13363	13366	13381	13390	13412
13418	13423	13432	13448	13451	13459	13461	13469	13470	13483
13485	13486	13506	13510	13522	13546	13547	13550	13575	13576
13586	13604	13607	13615	13616	13618	13622	13628	13633	13634
13636	13646	13648	13650	13651	13655	13659	13664	13665	13697
13704	13705	13708	13715	13726	13727	13737	13739	13749	13752
13753	13787	13807	13812	13839	13845	13861	13877	13879	13905
13908	13932	13935	13949	13953	13958	13965	13967	13980	13996
14001	14007	14011	14015	14019	14043	14066	14084	14086	14087
14094	14097	14108	14130	14138	14143	14149	14154	14164	14191
14192	14202	14212	14214	14218	14231	14256	14265	14276	14299
14303	14316	14319	14321	14329	14338	14350	14367	14372	14376
14381	14385	14398	14423	14429	14443	14458	14476	14477	14483
14504	14512	14529	14550	14552	14557	14559	14566	14575	14582
14587	14591	14594	14595	14607	14617	14628	14645	14658	14670
14673	14675	14679	14694	14696	14704	14705	14707	14709	14715
14719	14735	14739	14740	14742	14752	14765	14768	14770	14787
14791	14795	14798	14802	14811	14817	14818	14822	14835	14861
14874	14880	14882	14884	14904	14913	14921	14953	14970	14981
14982	14991	14998	15006	15013	15032	15037	15047	15051	15055
15071	15076	15084	15088	15093	15121	15123	15163	15168	15169
15177	15180	15193	15195	15209	15223	15261	15264	15287	15290
15294	15327	15338	15340	15350	15359	15362	15373	15388	15392
15396	15397	15420	15421	15443	15460	15463	15475	15483	15484
15485	15494	15498	15501	15502	15511	15514	15528	15536	15547
15548	15551	15552	15553	15554	15555	15558	15568	15582	15586
15600	15602	15604	15616	15625	15692	15706	15754	15758	15777
15783	15793	15800	15831	15832	15843	15844	15847	15849	15864
15882	15889	15892	15894	15897	15900	15912	15922	15951	15953
15954	15955	15970	15971	15997	16018	16030	16034	16038	16047
16076	16091	16094	16097	16107	16110	16117	16121	16156	16162
16163	16164	16174	16180	16185	16189	16200	16206	16208	16212
16219	16223	16225	16230	16232	16235	16243	16255	16280	16283
16296	16305	16310	16324	16333	16336	16346	16350	16352	16365
16396	16400	16413	16418	16428	16431	16432	16433	16436	16439
16442	16451	16465	16473	16478	16494	16498	16500	16509	16512
16518	16532	16547	16550	16561	16570	16577	16585	16588	16608
16612	16622	16636	16651	16667	16669	16684	16698	16703	16722
16728	16736	16743	16749	16776	16778	16786	16788	16792	16800
16822	16823	16825	16833	16845	16855	16859	16863	16865	16869
16870	16880	16881	16897	16922	16926	16947	16956	16960	16965
16970	16978	16991	17000	17002	17007	17018	17033	17037	17038
17039	17063	17069	17075	17085	17086	17094	17101	17107	17130
17142	17146	17160	17162	17165	17167	17172	17205	17221	17233
17241	17256	17258	17270	17284	17292	17297	17308	17317	17341
17343	17364	17370	17382	17392	17393	17424	17442	17450	17459
17460	17467	17473	17484	17491	17492	17500	17511	17528	17530
17544	17546	17547	17552	17566	17568	17590	17593	17599	17617
17643	17686	17689	17714	17721	17724	17731	17734	17736	17740
17744	17755	17765	17777	17802	17805	17810	17814	17830	17832
17834	17839	17849	17862	17866	17869	17893	17910	17927	17932
17940	17947	17957	17960	17974	17978	17997	18003	18006	18011
18016	18032	18035	18043	18053	18072	18092	18095	18099	18101
18118	18120	18121	18124	18136	18148	18155	18162	18174	18187
18189	18194	18199	18206	18225	18233	18236	18243	18250	18261
18272	18292	18296	18299	18313	18321	18325	18335	18336	18340
18343	18368	18370	18385	18411	18421	18443	18449	18451	18453
18456	18470	18480	18485	18496	18499	18501	18505	18510	18512
18519	18524	18526	18536	18537	18547	18569	18572	18576	18593
18602	18614	18632	18635	18640	18645	18662	18663	18699	18709
18710	18713	18714	18716	18721	18723	18726	18727	18730	18740
18742	18747	18758	18764	18765	18782	18801	18807	18815	18820
18821	18825	18850	18857	18858	18866	18868	18879	18880	18881
18882	18888	18891	18893	18896	18910	18919	18925	18927	18949
18955	18957	18972	19000	19008	19022	19035	19045	19047	19076
19115	19131	19149	19160	19163	19181	19210	19212	19213	19231
19237	19271	19297	19307	19330	19352	19391	19404	19425	19450
19455	19461	19462	19465	19471	19482	19485	19489	19493	19500
19518	19524	19535	19537	19541	19544	19566	19569	19581	19589
19611	19612	19619	19637	19642	19647	19652	19655	19677	19722
19759	19780	19791	19798	19804	19817	19822	19828	19835	19837
19841	19847	19852	19853	19865	19874	19877	19882	19894	19898
19908	19927	19930	19945	19973	19979	19987	19991	19992	19997

The above numbered Bonds will be redeemed at the principal offices of Chemical Bank, 20, Pine Street, New York, N.Y. 10015, U.S.A., Deutsche Bank A.G. Junghofstrasse 5-11 Frankfurt am Main, Germany, Credit Lyonnais, 19 Boulevard des Italiens, Paris, France, Kredietbank N.V., 7 rue d'Arenberg, Brussels, Belgium, and Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, upon surrender of such Bonds for payment and cancellation.

CHEMICAL BANK on behalf of
COURTAULDS INTERNATIONAL FINANCE N.V.

Dated 5th January 1981

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

181	831	1571	3736	8020	10122	18348	18913
195	837	1753	4338	8508	10847	18535	18914
197	847	2234	4347	8511	11909	18569	18915
207	873	2380	4350	8777	17410	18675	18916
339	905	2554	4449	9371	17533	18691	18918
340	947	3218	5038	9572	17795	18693	18935
341	961	3221	5201	9682	17798	18755	18970
509	970	3248	5202	9891	17874	18839	18985
638	980	3485	5816	9901	17898	18908	
819	983	3486	5818	10079	17970	18911	
821	1323	3540	6268	10090	18028	18912	

Nominal value of Bonds in circulation $4,358,000 (including Bonds drawn for redemption on 1st February, 1981 and Bonds not as yet presented for payment).

Divide board pay, urge chairmen

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SALARIES of full-time board members of nationalised industries should be fixed by Ministers on the recommendations of the chairman and non-executive members of each board, according to proposals prepared by the Civil Service Department.

This follows the Government decision last year to allow individual Government Departments to fix their own industries' board salaries in consultation with the Civil Service Department.

The chairmen however have urged the CSD to further its reforms by splitting board salaries.

One part would be a relatively small fee of perhaps £3,000 a year, which would be fixed by the Government and would be paid to each member for his boardroom role.

In addition executive members would receive a salary of perhaps £30,000 a year, reflecting their position as the senior specialists in their industries.

The Nationalised Industries Chairmen's Group has told the CSD that this would enable each industry to adjust its salaries according to market pressures. It would also prevent the problem that has arisen in the past of board members sometimes earning less than their immediate deputies whose salaries are not subject to Government controls.

The CSD however has not yet agreed to give such freedom to individual industries although it has pointed out that, in practice, there might not be much difference between its ideas and those put forward by the chairmen.

Under the CSD system, which is based on what happens in the private sector, the chairman and non-executive members of each board would propose what the executive members should earn. The chairmen's salary would be considered by the non-executive board members alone.

These proposals would go to the Minister responsible who would fix the salaries after consultation with the CSD, which would operate a general co-ordinating role.

Under the previous Boyle Top Salaries Review Body system, the industries have been divided into about 10 grades. Salaries for chairmen have ranged from £58,500 a year down to £19,750, and Board members' salaries from £43,000 down to £13,750.

But the Government has had trouble finding industry chairmen and Board members. Last year a special fee of up to £2m had to be agreed to entice Mr. Ian MacGregor to become chairman of British Steel.

The object of the new system, which will come into force in April, is to make it easier to vary salaries according to the needs of individual industries.

Industry borrowing falls as recession bites

BY DAVID MARSH

MANUFACTURING industry sharply reduced its borrowing from the banks during the autumn as high interest rates and the deepening recession finally worked through to cutting credit demand.

Bank of England figures published this morning show that bank lending throughout the UK economy slowed down markedly during the three months from August to November following several quarters of rapid growth.

The decline in credit activity explains why the Government now feels more confident about a gradual cut in interest rates. It also throws some light on the increase in overseas lending by British banks in recent months.

Lending in sterling to the manufacturing sector, including both advances and acceptances, fell 2.6 per cent during the quarter to a total outstanding amount of £14.60bn.

This followed an increase of 7.9 per cent during the May to August period.

Total sterling lending to UK residents rose 1.1 per cent to a November figure of £53.06bn.

Resistance to sick pay changes to be renewed

By Alan Pike

EMPLOYERS' resistance to proposed government changes in arrangements for paying sick pay will be renewed when Parliament reassembles next week.

The Engineering Employers' Federation, which has led a so-far unsuccessful campaign of opposition to the proposals, is urging its member companies to present MPs with estimates of the likely cost of the changes for manufacturing industry.

Under the Government's plan employers, rather than the State, would become responsible for paying £30 per week sick pay for eight weeks a year.

In return for accepting this responsibility companies would receive a once-and-for-all 0.6 per cent reduction in their National Insurance contributions.

The EEF has protested that manufacturing employers, with a higher than average incidence of sickness absence among their employees, would be "heavy losers" under the scheme.

Most engineering companies, it says, would require a reduction in National Insurance contributions of more than 1 per cent to meet the cost of the scheme, and many would need more.

Employers in engineering industry and elsewhere are concerned that any once-and-for-all National Insurance reduction could be lost in future contribution increases, and fear the proposed changes would increase pressure on companies to improve their domestic sick pay schemes.

The EEF has proposed an alternative scheme under which employers would act as paying agents for State sick pay — meeting the objectives of reducing Civil Service jobs and making sick pay subject to tax.

This plan has been rejected by the Government, but the EEF says it is "not convinced that its advantages and practicality have been seriously examined on their merits."

Energy price report to go to NEDC

BY ALAN PIKE

A REPORT to the National Economic Development Council this week will support the view that British industry pays more for energy than overseas competitors.

The council adjourned a discussion on energy costs last summer to allow time for the National Economic Development Office to investigate the position.

In a detailed paper to be presented to the council on Wednesday, NEDO concludes that big energy-consuming industries in Britain pay prices out of line with those of their competitors.

Among the big energy users identified by the report as suffering a disadvantage are the steel industry, paper and board, and chemicals.

The NEDO conclusions will give powerful support to the efforts of individual industries to persuade the Government that high energy costs damage their international competitiveness.

Public and private sectors of the steel industry commissioned a joint study which last month argued that the industry pays more for energy than its leading competitors, and the British Steel Corporation says the high cost of gas has forced it to try to sell its two iron ore direct reduction plants at Hunterston, Scotland.

The NEDO research concludes that industrial consumers enjoy larger discounts abroad, and big energy consumers can sometimes negotiate further individual reductions. It appears that in NEDO's view, only the medium and large users of energy in Britain are at a disadvantage. Smaller consumers are broadly in line with overseas competitors.

Removal of excise duty on heavy fuel oil and the reconstruction of gas and electricity tariffs to provide better discounts for large industrial users are among options the report proposes for tackling the problem.

The agenda for Wednesday's council meeting also includes a paper on research and development and innovation in industry from Sir Keith Joseph, Industry Secretary, and a sector working party report on the steel industry.

Cheap air/hotel package may lure rail passengers

FINANCIAL TIMES REPORTER

BRITISH AIRWAYS is trying to lure business travellers away from railway travel by extending its combined flight and hotel package.

The "Bargain London" package is being extended to the North of England and Scotland. It allows travellers with a return flight to certain cities to obtain a night's accommodation and breakfast at a good hotel for the same price as the normal economy return air ticket, or less.

Normally the traveller will have to go on the last scheduled flight of the day in each direction. The cities covered by the new service are: Inverness (£94); Glasgow (£94); Edinburgh (£94); Aberdeen (£90); Belfast (£86) and Newcastle (£75).

It is also offering a similar scheme for travellers coming from those cities to London's Heathrow Airport if they have either an early connecting flight the next day or a day's business in London.

British Airways started "Bargain London" last autumn offering six of the capital's hotels.

There is a further reduction of £10 for a second person who takes the package and shares the hotel room.

● British Caledonian is to boost traffic on recently introduced flights to Hong Kong by offering en route a freight and passenger service to the Middle East, and the arrangement has been authorised by the Civil Aviation Authority.

Since the Hong Kong service was launched last August, British Caledonian has been flying via Dubai but only stopped there for technical services and crew change-overs.

Key tests for public sector pay policy

By Our Labour Staff

PUBLIC SECTOR workers in three key supply industries—electricity, gas and water—will this week test Ministerial exhortations that public sector pay increases be kept within single figures.

An increase in the National Water Council's offer of about 8 per cent is expected tomorrow, while British Gas is expected to make its opening pay offer the following day. Unions representing the powerful electricity supply manual workers will submit their claim on Thursday.

The Government has stressed the need to keep public sector settlements low, but these three utilities are not subject to financial restrictions as tight as the 6 per cent pay provision in the cash limit for local authorities and a similar limit expected for central Government.

● Leaders of three unions representing the 85,000 manual workers in electricity supply will present their joint claim on Thursday. The claim will be for an unspecified substantial increase, taking into account the prevailing rate of inflation and also seeking a cut in hours.

The General and Municipal Workers' Union has set a target of 20 per cent, but other union leaders in the industry seem determined to secure an increase in line with the miners' deal.

At the time it was agreed, this deal was thought to be worth 9.8 per cent on basic rates and about 13 per cent on earnings. But power unions estimate that over a full year the deal could be worth 17 per cent.

● British Gas is expected to make its reply on Wednesday to the unions' 23 per cent claim. Again, the miners' deal will be used as a benchmark.

● In the water supply industry, an increase is expected in the present offer, worth 9.9 per cent on basic rates for the lowest grade manual workers.

Ban on P & O ships urged by seamen

BY PHILIP BASSETT, LABOUR STAFF

SEAMEN'S LEADERS will today be pressed to black all P and O ships in British ports in support of the crew members' sit-in aboard the company's car ferry, the Ulster Queen, in Liverpool.

About 40 members of the ship's crew, mainly catering and bar staff, have occupied the ship in protest at the company's decision to end its ferry service between Liverpool and Belfast. The company has removed the electrical fuses from the ship, leaving those on board without heat or light.

Local representatives of the National Union of Seamen will request the blacking at a meeting today of the union's national officers. But any decision is unlikely to be taken until the union's executive meets tomorrow.

One of the six men travelling to London for today's meeting, Mr. Terry Mullen, NUS convenor on the Ulster Prince, said last night: "We would expect that our national union leaders' reaction to the closure would be to demand the blacking of all P and O ships by our members."

P and O insists that while its Dover-Boulogne and Southampton-Le Havre services are run under the company's umbrella, they operate financially within it as separate businesses. It is recognised within the company, though, that the cross-channel services could well be targets for NUS action.

The company will tomorrow meet officials of the Department of the Environment at the department's request to discuss the closure of the service.

A P and O spokesman said yesterday that the service had been closed because it was uneconomic. It would remain closed unless that position were to change.

The NUS executive at its meeting tomorrow will also consider whether or not to put the question of industrial action over the ship employers' 10.5 per cent pay offer out to ballot. At present action is being left to individual areas.

Some areas, however, are seeking firmer guidance. There were reports at the weekend that seamen in Harwich had decided not to take action alone but had decided to ask the executive to put the issue out to the membership.

A further key meeting is also due today when NUS members at Dover decide on whether or not to take industrial action over a pay offer.

Train drivers to disrupt Southern Region services

BY OUR LABOUR STAFF

BRITISH RAIL'S Southern Region services could be disrupted today if members of the train drivers' union ASLEF take unofficial industrial action over changes in crew rostering after timetable alterations.

About 200 drivers at three Southern Region depots serving the London-Hastings line — St. Leonards, Tonbridge and Grove Park in London — have threatened action over timetable changes, which have cut off-peak services from half-hourly to hourly runs.

Southern Region has warned that if any drivers take action they will be suspended without pay. If that happens, as seems likely, then services to and from London's Charing Cross and Cannon Street stations could be severely affected.

ASLEF officials have been attempting to defuse the dispute because of the embarrasing clash of its timing with a joint BR-union appeal to the Government for increased financial aid for the railway industry.

The appeal has been suspended pending today's action and a decision by the ASLEF executive this week, probably tomorrow, on its own threat of official industrial action over rail cuts.

Union officials are likely to meet senior BR representatives this week to discuss the financial position. Sir Peter Parker, BR chairman, may also visit ASLEF to address the executive.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

DIVIDEND & INTEREST PAYMENTS—

[illegible]

TOMORROW

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

WEDNESDAY, JANUARY 7

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

THURSDAY, JANUARY 8

COMPANY MEETINGS—

[illegible]

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

FRIDAY, JANUARY 9

COMPANY MEETINGS—

Carr's Milling Crest Hotel, Kingstown, Carlisle, 11.30

Comet Radiovision Services, King Charles House, George St, Hull, 10.00

Hawthorn (R. & W.) Leslie, Great Eastern Hotel, Liverpool St., EC 12.00

Pike Winchester House Old Broad St EC 12.00

BOARD MEETINGS—

[illegible]

DIVIDEND & INTEREST PAYMENTS—

[illegible]

SATURDAY, JANUARY 10

DIVIDEND & INTEREST PAYMENTS—

Imperial Chemical Inds. Ln 4pc

[illegible]

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan. 1-10	Model Engineering Exhibition (0442 41221)	Wembley Conference Centre
Jan. 8-18	London International Boat Show (0932 54511)	Earls Court
Jan 10-18	London Racing and Sporting Motorcycle Show (01-226 7901)	Horticultural Halls
Jan 11-14	Stationery Industry Exhibition — STATINDEX (01-637 7692)	Grosvenor House, W1
Jan. 12-15	Amusement Trades Exhibition (01-228 4107)	Olympia
Jan. 13-15	International Domestic Electrical Appliances Exhibition—IDEA (01-486 1951)	NEC, Birmingham
Jan. 15-18	Sound and Video Exhibition—HI-FI (01-200 0444)	Excelsior Hotel, Manchester
Jan. 17-25	Caravan, Camping and Leisure Exhibition (04866 6556)	Bingley Hall, Birmingham
Jan. 20-22	Hirex Exhibition (92 27211)	Wembley Conference Centre
Jan. 25-29	International Light Show (024888 396)	Olympia
Jan. 27-29	Electronic Business Equipment Exhibition BIZTRONIC (061-928 0406)	Edgbaston Cricket Ground
Feb. 1-5	International Spring Fair (01-499 7324)	NEC, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Jan. 5-8	International Souvenir Exhibition—SOUVENIR-BEURS (01-486 1951)	Utrecht
Jan. 12-16	International Forestry Development, Timber Processing and Woodworking Exhibition—WOOD (021-705 6707)	Singapore
Jan. 15-19	International Furniture Exhibition (01-439 3964)	Paris
Jan. 15-21	Middle East Construction Exhibition (01-935 8200)	Jeddah
Jan. 18-21	Irish Gift Trade Fair (Dublin 681355)	Dublin
Jan. 23-29	International Record and Music Publishing Market MIDEM (01-499 2317)	Cannes
Jan. 23-Feb. 1	International Green Week (01-540 1101)	Berlin
Jan. 23-25	International Boat Show (01-486 1951)	Malmo
Feb. 6-9	International Stationery Exhibition (01-439 3964)	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Jan. 5-7	Oxford Farming Conference—Opportunities for British Agriculture (0524 751422)	Oxford
Jan. 5-7	MSS: Inventory Management and Control (0903 34755)	Worthing
Jan. 5-16	CEI International Financial Management Seminar (Telex 27452)	Hongkong
Jan. 6-7	IPM The Secretary in Personnel Management (01-387 2844)	Whites Hotel, W2
Jan. 7	Nigerian British Chamber of Commerce: The Nigerian Budget 1981 (01-248 4444)	Cannon Street, EC4
Jan. 13	Oyez-IBC: Automation in the insurance company—the management implications (01-242 2481)	London Press Centre, EC4
Jan. 14	ESC: Making direct mail work in industry and commerce (057282 2711)	Cumberland Hotel, W1
Jan. 14	Dewe Rogerson/Stock Exchange: Major Technology Symposium (01-638 9571)	Painters Hall, EC
Jan. 14	Financial Techniques: Land Taxes—how to reduce the burden (09323 51991)	Hilton Hotel, W1
Jan. 15-16	MMI Personnel: "10 years on" Employment Legislation for the Smaller Firm (0932 52020)	Runnymede Hotel, Egham
Jan. 19-20	Robert S. First Inc.: New Concepts in drug and nutrition delivery systems (Telex 22859)	The Drake Hotel, Chicago
Jan. 20	IPS: Purchase Cost Reduction (0990 23711)	Connaught Rooms, WC2
Jan. 21	ESC: Making Financial savings through energy control (057282 2711)	Gloucester Hotel, SW7
Jan. 21-22	FT Conference: India as a World Trading Partner (01-621 1355)	New Delhi
Jan. 21-22	FT Conference: The Euromarkets in 1981 (01-621 1355)	Inter-Continental Hotel, W1
Jan. 22-23	AMR International: Executive Project Management—The critical skills (01-262 2732)	Kensington Hilton Hotel
Jan. 26-27	AMD: Communication and confidence development for managers (07535 56047)	Runnymede Hotel, Egham
Jan. 26-28	Building Business Unit: Microcomputer Workshop for the Construction Industry — Surveyors (01-353 2300)	Slough
Jan. 27	European Study Conferences: Direct investment in oil and gas related tax matters (01-727 51200)	Cumberland Hotel, W1
Jan. 27	CCC: Financial problems in divorce—A seminar for accountants and tax advisers (01-222 6362)	Europa Hotel, W1
Jan. 28	CCC: Stock Relief—The new proposals (01-222 6362)	Inter-Continental Hotel, W1
Jan. 30	Ron Clements Associates: Transactional analysis in organisations (Byfleet 43301)	Basil Hotel, SW3
Feb. 2-4	MSS: Managing Computer Staff (0903 34755)	Worthing
Feb. 3-4	Crown Eagle Communications: Law at work—recent legislation and case law (01-636 0617)	Churchill Hotel, W1
Feb. 5	The Institution of Civil Engineers: Symposium on sensors in highway and civil engineering (01-222 7722)	Westminster
Feb. 5	IPS: Automotive Industry (0990 23711)	Hilton Hotel, Stratford
Feb. 5-6	AMD: Product Innovation and Development (07535 56047)	New Berners Hotel, W1
Feb. 10	BIM: Computer programming for managers (01-405 3456)	Parker Street, WC2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Greece, land of the Olympics, welcome to the European Community

Ελλάδα, Ἑλλάδα, χώρα τῶν Ὀλυμπιακῶν Ἀγώνων, καλῶς ἦρθες στὴν Εὐρωπαϊκὴ κοινότητα.

We, Indivers, will continue and expand our services to your growing economy. Happy sailing in the New Year. Indivers serves Greece from its plants in Germany, Holland, England and Italy.

Ἡ Ἑταιρεία μας, ἡ Indivers, θὰ συνεχίσει καὶ θὰ ἐπεκτείνει τὴ δραστηριότητά της στὴν ἀναπτυσσόμενη οἰκονομία σου. Εὐχόμαστε καλὴ πορεία μέσα στὸν καινούργιο χρόνο. Ἡ Indivers ἐξυπηρετεῖ τὴν Ἑλλάδα μέσω τῶν ἐγκαταστάσεών της στὴ Γερμανία, τὴν Ὀλλανδία, τὴν Ἀγγλία καὶ τὴν Ἰταλία.

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CENTRO DI FIRENZE PER LA MODA ITALIANA presents

PITTI MAGLIA

FLORENCE

31 JANUARY - 2 FEBRUARY 1981

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AUTUMN-WINTER 1981-82

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We hereby announce that Mr. Willem Oost Lievense has succeeded Mr. Boudewijn de Hoop Scheffer as Investment Banking Representative Hongkong.

ABN Bank

Hongkong, Algemene Bank Nederland, Holland House, 9, Ice House Street, P.O. Box 61, telephone (5)236001, (5)245269, (5)245929, telex HX 73453.

BARCLAYS UNIBOND TRUST.

A unit trust established in Jersey which invests principally in U.S. $ Eurobonds. Copies of a Bi-annual Report to 4th November 1980 are available to shareholders at the offices of the Managers and Paying Agents.

Managers: Barclays Unicorn International (Channel Islands) Ltd., P.O. Box 152, St. Helier, Jersey. CHANNEL ISLANDS.

BARCLAYS UNICORN GROUP

(هكذا من الاصل)

Building and Civil Engineering

£15m factory award to Fairclough

ILFORD'S NEW film production factory at Mobberley, Cheshire (a £30m investment) is to be undertaken by Fairclough which says the project involves over £15m worth of building, civil engineering, mechanical and electrical work.

Fairclough will manage the major site project under a design-and-project management contract which includes the co-ordination of other substantial contracts placed on a direct basis. Tasks include responsibility for design, building, civil engineering and mechanical and electrical work from initial design procurement to final commissioning.

The investment on the 40-acre site includes work on a new administration and research and engineering centre, warehouse and chemical packing building, finishing, production and light engineering unit, energies centre and service distribution and infrastructure developments, together with an emulsion and sensitising production unit and other ancillary buildings.

Fairclough Design has started work on the initial design of the project which is scheduled for completion in 1983. It has commissioned architect Briffa and Phillips of St. Albans for certain aspects of the architectural design, and Building Design Partnership of Manchester to act as mechanical and electrical consultant.

This new black and white film production factory is one of the largest of its kind recently announced in the north-west of England. Ilford (part of Swiss-owned Ciba Geigy chemical group) plans to spread the £30m capital spending over three and a half years and the expansion will create 850 new jobs at Mobberley, more than doubling the present workforce of 550.

In north-east Lancashire, Fairclough is to build a three-storey pathology block and mortuary at Burnley under £646,000 contract from the Lancashire Area Health Authority. Work starts soon.

Under another award the company has begun the conversion of a factory at Warrington, Cheshire, into a warehouse for Joseph Crosfield and Sons. This £260,000 job is due for completion in April.

Bringing home the bauxite

FURTHER development of bauxite reserves in Suriname is to be undertaken and will involve the removal of about 13m cubic metres of overburden. Bos Kalis Westminster has been awarded the £6.4m contract by NV Billiton Maatschappij Suriname.

Development of these reserves in the client's concession area in Suriname will safeguard continuity of mining activities for many years to come and is necessary for the continuation of the production of bauxite during the second half of the 'eighties.

Bos Kalis International (a subsidiary of Royal Boskalis Westminster NV of The Netherlands) will use a cutter suction dredger and auxiliary equipment to carry out the required dredging.

Countering the flood

THE Thames Water Authority has awarded a £2.4m contract for the next stage of the River Mole Flood Alleviation Scheme in Surrey to Gleeson Civil Engineering.

This stage of the scheme, which will take two years to complete, involves construction of a 2,500 metres long channel and a major sluice structure at Island Barn, together with associated off-take structures and a new footbridge.

A new form of bank protection involving prefabricated panels made from concrete blocks bonded on to woven fabric mats will be used.

Buoyancy tubes and tanks

CLEVELAND BRIDGE, a Trafalgar House company, has successfully loaded out the second and final consignment of buoyancy tubes and flotation tanks for delivery to Cherbourg for installation on Shell's North Cormorant jacket which is being constructed there.

Each of the two load outs comprised a single bank of 12 buoyancy tubes each 1.83 metres diameter by 77 metres long together with a single bank of three flotation tanks each 4.15 metres diameter by 60 metres long.

Total weight of the two consignments was over 2,600 tonnes.

Henry Boot busy in Hong Kong

HENRY BOOT has been awarded the third contract in six months in Hong Kong for work in connection with the modernisation and electrification of the Kowloon-Canton (China) Railway.

This £2.2m contract will involve two main phases of work over a two year period on track construction at Hung Hom Station (Kowloon) and on the main line.

First phase of the task calls for the lifting of old trackwork in Kowloon Station, the laying of new trackwork and remodelling of trackwork in the main approaches. Special "sleeper slabs" are to be used at the station to form a continuous flexible trackbed. Elsewhere components of British Rail design will be used.

Civil works will include alterations to platform lengths, construction of retaining walls, drainage and road works.

The second stage of the operation will involve the lifting of 19 km of main line track between Fo Tan (Sha Tin) and Lo Wu on the Chinese border, the removal of ballast and then reconstruction of the track which will have 35 "turnouts."

This latest award to Henry Boot means that the company is now involved in about £25m worth of railway development contracts in Hong Kong. These contracts are in connection with both the Hong Kong Mass Transit Railway and the Kowloon-Canton (China) Railway.

Impurities removed from air

AN AIR filtration unit which cleans up to 9 cubic metres of air a minute without producing ozone has been developed by a small Yorkshire company, Charitant.

The device was recently awarded a Gold Medal in the class for inventions as "Aids to the protection of the environment, anti-pollution and energy conservation" at the Ninth International Exhibition for New Inventions and Technology in Geneva.

The Charitant Airsweep is a non-electrostatic air filtration unit weighing only 7 kg and powered by a 90 watt electric motor.

The motor rotates a circular Chinese horse-hair brush at high speed which, acting as a centrifugal fan, draws polluted air into the unit and through special filters to capture the impurities.

Disposable filters are available to remove a variety of contaminants including dust, pollen, bactoria and mould, while an activated charcoal filter adsorbs smoke, odours, fumes and gases.

The units are used in hospitals and nursing homes as well as public houses and restaurants.

The unit was devised by Mr. John Russell, sales director of Charitant, originally to provide clean air for young farm animals and poultry. Charitant can be reached on 0937 844068.

£7m Saudi contract

A CONTRACT worth £7m for the construction of a 14-storey office block in Medina Road, Jeddah, Saudi Arabia, has been won by R. M. Douglas's associate Al-Esayi Saif Noman Douglas.

The block is to be known as Alireza Tower and it will have a reinforced concrete frame. About 14,000 square metres of floor space and basement parking will be provided.

Work is to start early in 1981.

Deflects the rain

MOULDED WITH integral flashings to deflect rainwater from vulnerable areas of a building are glassfibre-reinforced plastic cladding panels available from Hippo Glass Fibre Products, Horbury Bridge, near Wakefield, Yorks (0924 272106).

These are waterproof, completely corrosion resistant, and can be fashioned to meet virtually any size, shape or decorative design needs.

The panels are extremely light in weight, easy to handle and fix, and can be produced in any colour to give a permanent decorative effect which, says the company, will not require initial or subsequent painting, thus also cutting out maintenance problems.

Patagonian terminal

SINCE THE completion of a feasibility study for a shiploading terminal for exportation of limestone from Alcalis de la Patagonia's quarry in Chubit Province, Argentina, W. S. Atkins group has been awarded the contract to provide full engineering services and supervise the construction of the £5m terminal.

The project will comprise a causeway and jetty for bulk carriers up to 35,000 dwt, stockpile and reclaim equipment, conveyors and shiploader to a rating of 1,000 tonnes an hour. At first, about 400,000 tonnes of limestone will be exported from the terminal.

British Ropeways Engineering Company (BRECO) is assisting with the design of the mechanical handling equipment. Atkins personnel includes project director Vic Davies, project manager Geoff Mitchell of transportation engineering division, and John Willson of metallurgical and mineral processes division, who will be responsible for the mechanical engineering.

Not too bad a year for Bovis

BOVIS BOOST FOR THE 80's

IN SPITE of the general downward trend in the construction industry, Bovis reports an encouraging order book and also predicts a modest increase in turnover over 1979, even after allowing for the effects of inflation.

A number of significant contracts were awarded in every area of the company's operations, including public and private sectors, commerce and industry, housing, health, education, leisure and retailing.

This was divided into 80 per cent new work and 20 per cent refurbishment, and ranged from multi-million pound projects down to £200,000 contracts, with many schemes around the £½m to £5m bracket.

Work in London alone was worth in excess of £80m. At Piccadilly, Bovis is redeveloping the Trocadero site into a shopping and entertainment complex, while at Shell Centre is a major refurbishment programme currently estimated to be worth about £12m.

Bovis says that one of its most significant contracts in 1980 was the management for the redevelopment of the new underwriting building at Leadenhall/Lime Street for the Corporation of Lloyds, which was won after six months of negotiations involving some of the biggest names in the construction industry.

The first contract for the commonalty of the City of London is being carried out in the Barbican with the creation of two exhibition halls.

Other work in the capital includes the refurbishment of Zimbabwe House (completed in December), the fitting out part of the Citibank Trust's 11-storey building at Hammersmith, and major reconstruction of the Royal British Legion's headquarters at Pall Mall. In the meantime, the company is completing the large Central Cross development in Tottenham Court Road which is being built for Thorn/EMI.

Outside London, work goes on with a number of important contracts including the £8m Nottingham Concert Hall which is going up alongside the restored Theatre Royal (also carried out by Bovis during 1975/77 and the recipient of an RIBA Award), a research and development centre for computer maker Hewlett-Packard at Wokingham, Berkshire (costing about £7m), a £4.5m management contract for a three-storey laboratory in Nottingham for the Boots Company, the £1.5m refurbishment of Leas Cliff Hall (an entertainment complex in Folkestone), and an office block for the Dickinson Robinson Group, Bristol. Nearing completion is the £1.7m office block being built for Guardian Royal Exchange Association in Aberdeen.

The retailing world is one in which Bovis Construction is traditionally strong. In addition to cementing its 55-year-old association with Marks and Spencer with new orders for 1980 in excess of £22m (including £6m in France at Rheims and Lille), the company continues to build for many other retailers, such as Safeway for which Bovis has recently completed its hundredth contract.

It also continues contracts for Boots, Co-operative Retail Society, Hillards, Owen Owen, Tesco and Keymarkets, and has expanded into the field of hypermarketing with management work for the major SavaCentre at Calcot, Berkshire, currently valued at £11m.

Notwithstanding cutbacks in the public sector, work is in progress with the Chester Nucleus Hospital. This is worth about £10m at today's prices and was awarded to the company after a management fee competition by the Mersey Regional Health Authority, following the successful completion by Bovis of the major part of the £56m Royal Liverpool Teaching Hospital.

Clients in the public sector also include the Post Office Corporation (both Postal and Telecom) with the award of £4m for a major office block at Stoke, and completion of telephone exchanges at Leicester and Windsor.

Public sector housing includes a recently completed major housing scheme at Islington for the GLC, and rescue operations at Haringey and Hackney, completing housing projects where the original contractors had run into difficulty.

At Dartford, the company reports the first £7.5m phase of the Civic Centre is now well advanced, following the successful completion of a swimming pool which was built to international standards for the borough.

In the private medical field, Bovis is building a clinic in Beckenham for Sloane Independent Hospitals and, already reported on this page, is its recent award for overseeing the £12m Phase II of Cromwell Hospital, in London, where it is currently building the £12m Phase I contract for Medical Services International.

DEBORAH PICKERING

£1½m Turriff award

A CONTRACT worth £1¼m has been let by the Property Services Agency to Turriff for the first part of the improvement programme at Broadmoor Special Hospital, Crowthorne, Berkshire.

The scheme calls for the construction of new roads and car park, diversion of some mains services and part of the new perimeter security wall for the redeveloped hospital. Work will start soon.

This contract will be followed in the summer by other schemes also designed by PSA—a new emergency control centre, staff club and restaurant, a new gardener's complex, transport depot and a works compound for PSA maintenance staff.

On completion of this, the site will be cleared for the start of the first stage of the new hospital buildings, including new wards, medical centre, central kitchen, stores and a new entrance control building.

This first stage is due to be completed in early 1985 at a cost of about £8m at current prices. It will be followed, at about two-three year intervals, by four further stages comprising both new and refurbished buildings, until the new Broadmoor is complete in 1994. Total cost by then is estimated at about £80m.

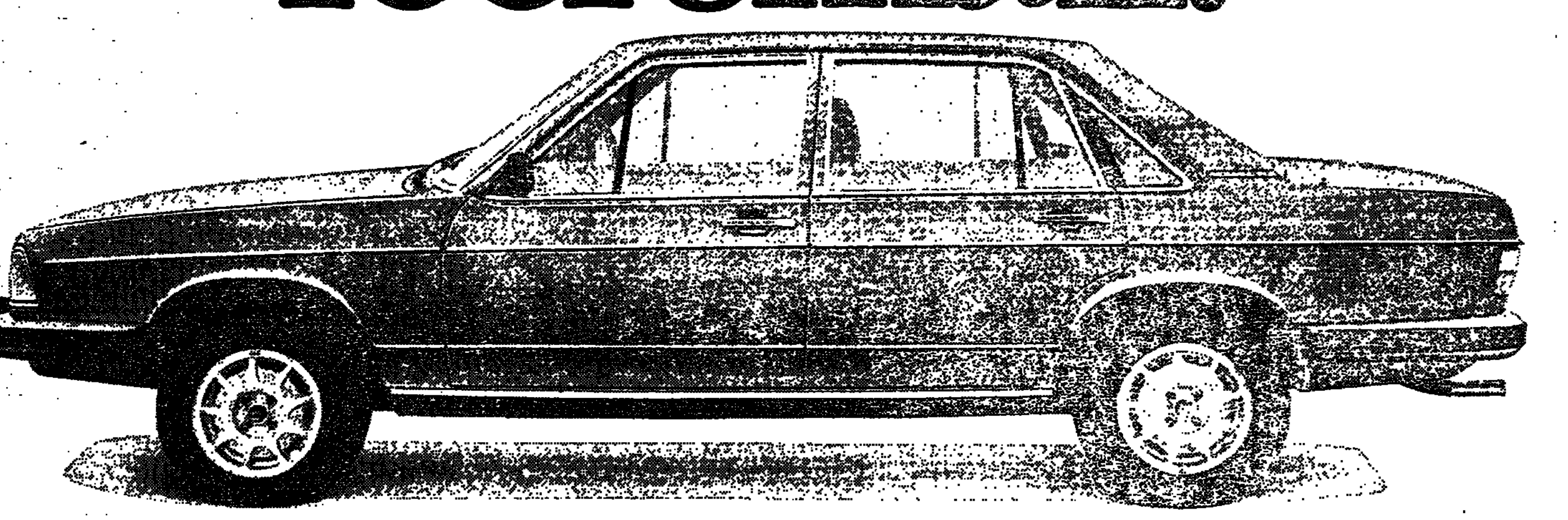
Pipes order for TAC

ORDERS WORTH £1.6m for its Everite asbestos cement pressure pipes have been won by TAC Construction Materials. The pipes will be used for the distribution of drinking water.

The largest order, worth just over £1.3m, is to be shipped out to the Middle East. Smaller orders are also for water development schemes in the Middle East as well as East Africa.

Cutbacks in Water Authority spending in this country make these orders most opportune, says TAC which is a Turner and Newall company.

Are we trying to make our competitors feel small?



	Audi 100 GL5S	Volvo 244 GL	Ford Granada 2.3 GL	Mercedes 200	Citröen 2400 Pallas
Price of model shown above	£7,444	£8,198	£8,264	£8,700	£8,639
Model range prices from	£6,186	£6,656	£6,179	£8,700	£6,179
Av. interior width (in.)	57.5	50	55	52	53
Front headroom (in.)	39	37	35	35	38
Rear headroom (in.)	34	34	34	34	32
Boot (cu.ft.)	22.7	21.5	14.3	14.7	16.8

PRICES INCLUDE CAR TAX AND V.A.T. AT THE CURRENT RATE AND ARE CORRECT AT THE TIME OF GOING TO PRESS. ALL CARS ARE CURRENT MODEL SPECIFICATION. INFORMATION SOURCE: "WHAT CAR?" MAGAZINE TESTS.

If you're one of those souls that wouldn't have a small car at any price, perhaps you'd like to read about one of the biggest cars you can buy. At any price.

We refer to the vastly accommodating Audi 100 GL5S.

The most cursory glance at our table will indicate that if space equals comfort, the Audi 100 is the most comfortable car in its class.

It is wider inside than any of its competitors – more than 10% wider than a Volvo 244, for example. It has more front headroom than any of its competitors.

And its boot is so big, it makes most of the others look like handbags.

In fact, you'd have to search very diligently indeed to find a car at any price level that gives you and your passengers more room to spread yourselves.

Even the magnificent Jaguar XJ12 (with which, of course, we do not pretend to compete) gives you 2" less average width.

But the Audi 100 GL5S has several other edges over its natural rivals. At £7,444, it costs considerably less than the others.

Its combination of performance and economy is equally impressive.

According to 'What Car?' magazine it has a top speed of 110 mph, accelerates from 0-60 mph in 11.7 seconds and returns an overall fuel consumption figure of 26 mpg.

And only the Audi offers you a six-year warranty against rusting through from the inside.

If you're looking for an unashamedly big car, it's time you looked at the Audi 100.

You could save yourself a lot of money.

The Audi 100 five cylinder.

Audi The car for now.

OFFICIAL FUEL CONSUMPTION FIGURES FOR THE AUDI 100 GL5S URBAN CYCLE ARE: 18.5 MPG (15.3 LITRES/100 KM); AT 56 MPH: 32.8 MPG (8.6 LITRES/100 KM) AND AT 75 MPH: 25.9 MPG (10.9 LITRES/100 KM). ALLOY WHEELS SHOWN ARE AN OPTIONAL EXTRA. FOR MORE INFORMATION WRITE TO AUDI MARKETING DEPT, V.A.G (UNITED KINGDOM) LTD., YEOMANS DRIVE, BLAKELANDS, MILTON KEYNES MK14 5AN. DIPLOMATIC, NATO AND PERSONAL EXPORT ENQUIRIES TO PERSONAL EXPORT SALES, 95 BAKER STREET, LONDON W1. TELEPHONE 01-486 8411.

FT Monthly Survey of Business Opinion

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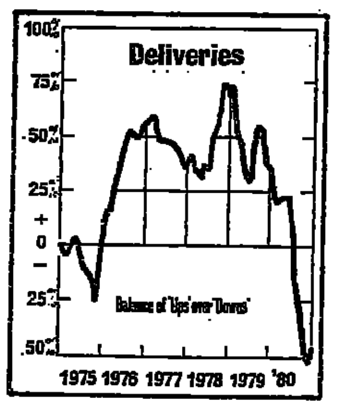
GENERAL OUTLOOK

Fall in confidence ending

THE deterioration in business confidence may now be coming to an end. Between April and August, 1980, the sectors covered by the latest survey (non-electrical engineering, brewing and distilling, and the paper and connected sectors) became more gloomy about the severity of the recession.

The companies have now been more inclined to say that their degree of optimism or pessimism is the same as last August and as a result the indicator showing a balance of greater minus less optimism about company prospects has recovered. However, there has been no real improvement in optimism in absolute terms though several companies say nothing has happened significantly to change their news.



Looking at the UK as a whole, there are some tentative signs of a stabilisation in the indicator about the economic outlook. This is largely because of an improvement of confidence in the brewing and distilling sector. Engineering companies have referred to the news of factory closures and short-term working and felt that it might be difficult to reverse these if a recovery came. In addition, there has been a feeling thaat the strong pound is no longer a short-term phenomenon.

GENERAL BUSINESS

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
More optimistic	24	24	21	16	7	—	17
Neutral	32	23	25	25	49	78	25
Less optimistic	44	53	54	59	44	22	58

EXPORT PROSPECTS (Weighted by exports)

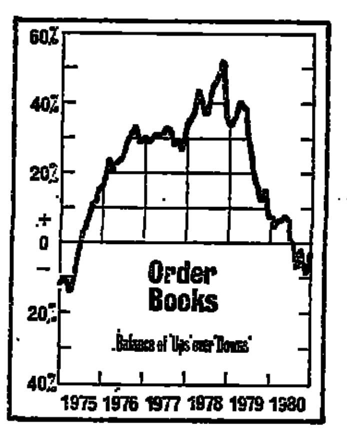
Over the next 12 months exports will be:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Higher	48	51	51	50	27	100	32
Same	32	28	30	27	57	—	21
Lower	19	19	17	21	16	—	47
Don't know	1	2	2	2	—	—	—

ORDERS AND OUTPUT

Slower decline in demand

THE ARE now some signs that the decline in new orders may be slowing down. The proportion of companies reporting a downward trend in the last four months has dropped to below the level of the previous two months. This is because both the engineering and the brewing and distilling sectors are less inclined to report reduced order levels than they had been in August. A substantial majority of all companies have still experienced a downward trend of new orders.

The indicator for order book levels has recovered much of the ground lost a month ago as the engineering sector has become less pessimistic and the brewers and distillers have reported larger order books.



The slightly less gloomy demand picture has also been reflected in the trend of recent deliveries where the indicator has recovered slightly from the extremely low levels of a month ago. Looking ahead, all three sectors expected greater median increases in turnover during the next 12 months than they had last August.

NEW ORDERS

The trend of new orders in the past 4 months was:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Up	9	10	14	18	2	22	—
Same	19	14	13	15	18	50	17
Down	58	63	59	48	76	28	52
No answer	14	13	14	19	4	—	31

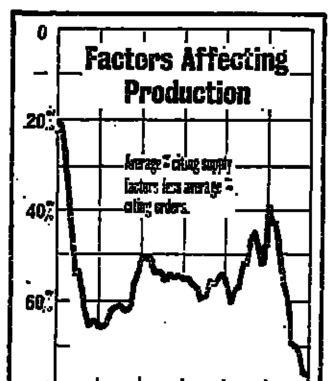
PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Rise over 20%	3	2	2	3	—	—	—
Rise 15-19%	2	2	2	2	—	—	2
Rise 10-14%	5	4	5	5	—	23	—
Rise 5-9%	17	15	13	10	9	5	35
About the same	49	51	54	64	64	50	51
Fall 5-9%	6	8	6	5	—	—	1
Fall over 10%	8	11	11	6	14	—	—
No comment	10	7	7	5	13	22	11

CAPACITY AND STOCKS

Idle assets widespread

LACK OF demand remains the main constraint on production for almost all companies interviewed. All three sectors were, however, less inclined than had been last August to say they were operating at or below planned output levels for the time of year. Half the companies questioned said they had buildings and/or plant or machinery which were not currently being used. In addition, a number of companies saying they had no idle assets still emphasised the extent of short-time working or under-utilisation.



Both the engineering and the paper and connected industries sectors were more inclined to say that they thought their stock levels were too high in relation to current sales trend than they had been last August. As a result this index has started to rise. The brewing and distilling sector expected stocks of all kinds to increase over the next 12 months while the other two sectorse have been looking for a decline.

STOCKS

Raw materials and components over the next 12 months will:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Increase	13	13	13	12	8	22	—
Stay about the same	49	52	52	56	29	45	60
Decrease	31	30	28	29	63	11	40
No comment	7	5	7	3	—	22	—
Manufactured goods over the next 12 months will:							
Increase	11	9	10	7	2	—	23
Stay about the same	43	44	42	46	22	50	36
Decrease	30	29	20	21	50	28	35
No comment	16	18	28	26	26	22	6

CAPACITY WORKING

	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Above target capacity	1	1	2	4	—	—	5
Planned output	43	36	34	34	44	72	41
Below target capacity	49	58	59	59	56	28	25
No answer	7	5	5	3	—	—	29

FACTORS CURRENTLY AFFECTING PRODUCTION

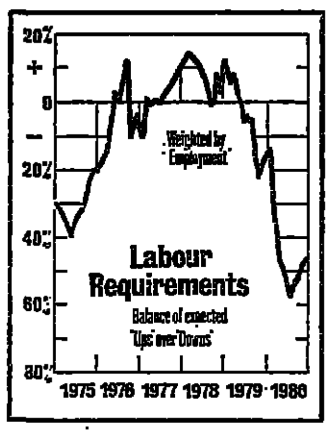
	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Home orders	95	93	94	95	96	100	100
Export orders	63	64	56	55	69	50	92
Executive staff	3	3	3	1	—	—	—
Skilled factory staff	6	6	6	8	27	—	2
Manual Labour	1	2	—	—	—	—	—
Components	1	1	1	1	2	—	—
Raw materials	2	2	6	6	—	—	—
Production capacity (plant)	3	4	6	8	—	—	—
Finance	2	4	6	6	4	—	—
Others	3	3	3	4	—	—	—
Labour disputes	3	6	8	8	—	—	23
No answer/no factor	4	5	3	3	4	—	—

INVESTMENT AND LABOUR

Jobs outlook bleak

THE EMPLOYMENT outlook is still bleak but it may no longer be deteriorating as rapidly as it was last summer and autumn. Both the engineering and the brewing and distilling sectors were less inclined to say that they expected their labour forces to decline over the next 12 months then they had been when interviewed last August.

This has partly been offset by increased expectations of cuts in the paper and connected industries sector, the labour requirements indicator has recovered slightly. More than half the companies still expect a reduction in their workforces, with lack of demand remaining the most important influence.



The recession is, as expected, having a cumulatively greater impact on fixed investment plans. The proportion of companies expecting the volume of their capital expenditure to rise over the next 12 months has dropped to a fifth. Among the companies interviewed this month the engineering sector was more inclined to say it expected a drop while the paper and connected industries group expected a rise.

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Increase	6	6	6	6	13	60	—
Stay about the same	42	40	35	32	33	6	33
Decrease	52	54	58	60	54	34	67
No comment	—	—	1	2	—	—	—

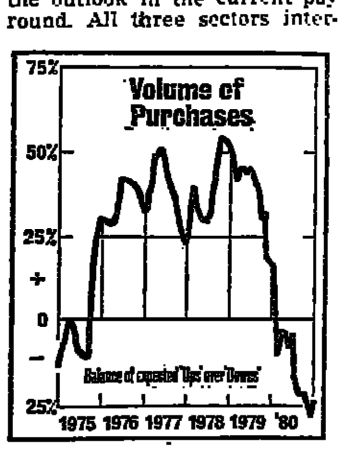
CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Increase in volume	20	22	22	26	5	5	23
Increase in value but not in volume	6	6	6	10	10	—	30
Stay about the same	38	35	34	23	19	78	28
Decrease	31	32	29	33	66	4	19
No comment	5	5	9	8	—	13	—

COST AND PROFIT MARGINS

Optimism about pay

INDUSTRY IS becoming increasingly optimistic about the outlook in the current pay round. All three sectors interviewed this month expected smaller increase in wages in the next 12 months than they did last August. Consequently, the indicator of median expected wage rises has continued to slip—to 12.2 per cent compared with 14.8 per cent three months ago.



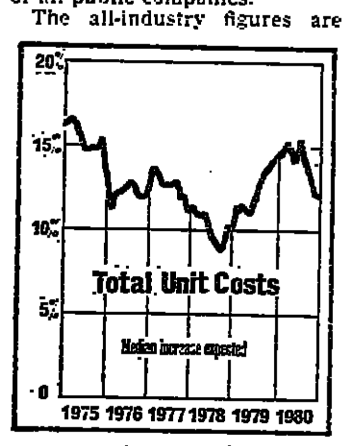
Asked about attitudes to wage demands in excess of the amount budgeted, well over four-fifths of those answering said they would resist such a demand. This suggests a hardening of attitudes.

Somewhat surprisingly, both the brewing and distilling and the paper and connected industries sectors tended to expect a larger median rise in prices than they had done last August. Even though this was partially offset by a smaller expected increase by the engineering group, this meant that for the first time since last June the prices indicator has risen (to a median of 11.9 per cent) instead of fallen.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based on interviews with executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT Actuaries' index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and Associates.

COSTS

Wages rise by:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
0-4%	—	—	—	—	—	—	—
5-9%	22	19	10	6	80	23	8
10-14%	48	49	45	42	20	33	75
15-19%	13	13	31	35	—	22	17
20-24%	3	6	6	10	—	—	—
No answer	14	13	8	7	—	22	—
Unit cost rise by:							
0-4%	3	2	2	2	—	—	23
5-9%	19	20	17	16	58	—	—
10-14%	47	39	33	31	38	100	59
15-19%	16	20	26	32	—	—	5
20-24%	—	1	1	2	—	—	2
Same	3	3	3	1	—	—	—
Decrease	—	1	1	1	—	—	—
No answer	12	14	17	15	4	—	11

PROFITS

Those expecting profit margins over the next 12 months to:	4 monthly moving total: Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	December 1980: Eng'g. (non-elect.) %	Brews. Distills. %	Packaging Paper & Publish. %
Improve	23	22	22	19	17	33	—
Remain the same	34	38	38	38	56	45	22
Contract	40	37	32	37	27	22	78
No comment	3	3	8	6	—	—	—

TENDERS MUST BE LODGED NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 7TH JANUARY, 1981, AT THE BANK OF ENGLAND, NEW ISSUES, WATLING STREET, LONDON, EC4M 9AA OR NOT LATER THAN 3.30 P.M. ON TUESDAY, 6TH JANUARY, 1981, AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND. TENDERS MUST BE IN SEALED ENVELOPES MARKED "EXCHEQUER TENDER."

ISSUE OF £1,100,000,000

12¼ per cent EXCHEQUER STOCK, 1999

MINIMUM TENDER PRICE £89.75 PER CENT

PAYABLE AS FOLLOWS

Deposit with tender	£20.00 per cent
On Friday, 6th February, 1981	£50.00 per cent
On Friday, 6th March, 1981	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 26TH MARCH AND 26TH SEPTEMBER

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for £1,000,000,000 of the above Stock; the balance of £100,000,000 has been reserved for the National Debt Commissioners for public funds under their management.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

The Stock will be repaid at par on 26th March 1999.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 26th March and 26th September. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be due on 26th September 1981 at the rate of £7.8039 per £100 of the Stock.

Tenders must be lodged not later than 10.00 a.m. on Wednesday, 7th January, 1981, at the Bank of England, New Issues, Watling Street, London, EC4M 9AA or not later than 3.30 p.m. on Tuesday, 6th January, 1981, at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £89.75 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

A separate cheque representing a deposit of £20.00 per cent of the nominal amount tendered for must accompany each tender; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. Tenders must be in sealed envelopes marked "Exchequer Tender." Tenders must be for a minimum of £100 Stock and for multiples of Stock as follows:

Amount of Stock tendered for	*Multiple*
£100-£1,000	£100
£1,000-£3,000	£500
£3,000-£10,000	£1,000
£10,000-£50,000	£5,000
£50,000 or greater	£25,000

Her Majesty's Treasury reserve the right to reject any tender or to allot a less amount than that tendered for. If undersubscribed, the Stock will be allotted at the minimum price; the balance of Stock not tendered for being allotted at the minimum price to the Governor and Company of the Bank of England, Issue Department. If oversubscribed, all allotments will be made at the lowest price at which any tender is accepted (the allotment price), and tenders accepted at prices above the allotment price will be allotted in full.

Letters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allotment, and any refund of the balance of the amount paid as deposit, may at the discretion of the Bank of England be withheld until the tenderer's cheque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the tenderer to transfer the Stock so allocated.

No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the balance of the amount paid as deposit will, when refunded, be remitted by cheque despatched by post at the risk of the tenderer; if no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment. Interest at the rate of 1 per cent per annum over the Bank of England's Minimum Lending Rate on a day-to-day basis may be charged on any overdue amount which may be accepted. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 4th March, 1981. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any instalment payment is overdue).

Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 6th March, 1981.

Until the close of business on 24th August, 1981, Stock issued in accordance with this prospectus will be known as 12¼ per cent Exchequer Stock 1999 "B." The interest due on 26th September, 1981, will be paid separately on holdings of the existing 12¼ per cent Exchequer Stock 1999 and on holdings of "B" Stock as at the close of business on 24th August, 1981; consequently, interest mandates, authorities for income tax exemption and other notifications recorded in respect of holdings of existing Stock will not be applied to the payment of interest due on 26th September, 1981, on holdings of "B" Stock.

The last date for lodgment at the Bank of England of transfers for registration as "B" Stock will be 20th August, 1981. After this date, for purposes of certification, the "B" Stock will not be distinguished from the existing 12¼ per cent Exchequer Stock 1999. From the opening of business on 25th August, 1981, the "B" Stock will be amalgamated with the existing Stock.

Tender forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens and Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
2nd January 1981.

THIS FORM MAY BE USED

TENDER FORM

This form must be lodged not later than 10.00 a.m. on Wednesday, 7th January, 1981, at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or not later than 3.30 p.m. on Tuesday, 6th January, 1981, at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England. Tenders must be in sealed envelopes marked "Exchequer Tender."

ISSUE OF £1,100,000,000

12¼ per cent Exchequer Stock, 1999

MINIMUM TENDER PRICE £89.75 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We tender in accordance with the terms of the prospectus dated 2nd January, 1981, as follows:—

Amount of above-mentioned Stock tendered for, being a minimum of £100 and in a multiple as follows:—

Amount of Stock tendered for	*Multiple*
£100-£1,000	£100
£1,000-£3,000	£500
£3,000-£10,000	£1,000
£10,000-£50,000	£5,000
£50,000 or greater	£25,000

1. NOMINAL AMOUNT OF STOCK £

Amount of deposit enclosed, being £20.00 per cent of the *nominal* amount of Stock tendered for (shown in Box 1 above):— 2. AMOUNT OF DEPOSIT (a) £

The price tendered per £100 Stock, being a multiple of 25p and not less than the minimum tender price of £89.75:— 3. TENDER PRICE (b) £ : p

I/We hereby engage to pay the instalments as they shall become due on any allotment that may be made in respect of this tender, as provided by the said prospectus.

I/We request that any letter of allotment in respect of Stock allotted to me/us be sent by post at my/our risk to me/us at the address shown below.

....................January 1981 SIGNATURE ....
of, or on behalf of, tenderer

PLEASE USE BLOCK LETTERS

MR/MRS MISS	FORENAME(S) IN FULL	SURNAME
FULL POSTAL ADDRESS:—		
FT	POST-TOWN	COUNTY	POSTCODE

a A separate cheque must accompany each tender. Cheques should be made payable to "Bank of England" and crossed "Exchequer Stock." Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

b The price tendered must be a multiple of 25p and not less than the minimum tender price. If no price is stated, this tender will be deemed to have been made at the minimum tender price. Each tender must be for one amount and at one price.

STAMP OF LODGING AGENT (IF ANY)

هكذا من الأصل

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Managerial hawks in search of union prey

Ian Hamilton Fazey on growing pressure for a 'new reality' on the shopfloor

THE UNION originally demanded a manning level for each new press of two machine minders and two assistants. Then came the "new reality" of the recession and the Thatcher Government's attitude to it, with all the attendant worries about job security. After a company-paid trip to Germany to see the same type of press at work there, the unions came up with their own offer of precisely half the manning—one plus one per unit.

This turnaround at one of Low and Bonar Packaging's plants in Dundee is paralleled by the experience at a greeting cards factory, where what one of its directors calls "new notions of justice" have been encouraged by the nation's economic situation, with the result that "the shop floor is expecting us to push harder this time."

This evidence of how Mrs. Thatcher's "new reality" is beginning to be taken on board at Britain's industrial grass roots emerged at an unusual meeting of 21 senior managers at Wilmslow, Cheshire—deep in one of the country's oldest manufacturing heartlands around Manchester.

The meeting was convened by Len Collinson, a director of Duple Coachbuilders, United Gas Industries and Wormald International Holdings (UK)—the owners of Mather and Platt—who has long experience of labour relations in the engineering, food manufacturing, and distribution industries. He is also chairman of Collinson Grant Consultants and was the man who was persuaded by Anthony Wedgwood Benn to become temporary chairman of the then nascent and ultimately ill-fated KME workers' co-operative near Liverpool, a post he felt it best to quit after less than a month.

The Wilmslow seminar was titled "Options and Controls for Negotiations with Trade Unions," but was more succinctly described by Collinson as "one of my hawk do's." It was easy to see why: he displayed about as much circumspection as that feathered predator as he warmed to his audience's obvious empathy.

The general theme is best summed up in his own words: "Managers for 20 years have had a buffeting and bashing from governments and unions and have been put into a 'can't win' situation. Many have been fire-fighting and many have given in. We have an opportunity now that will last for two or three years. Then, the unions will get themselves together again; and the government, like all governments, will run out of steam. So grab it now."

A year ago, Collinson ran a similar seminar, but found the participants reluctant to make the leap of faith necessary to believe in their own new strength. They had been conditioned, one observer said, by long years of national wages policy and trades union ascendency through the law. Last spring, he tried again, and found the first signs of change.

This time the participants were five chief executives—two

> **"The opportunity will last for two or three years . . . Then the unions will get themselves together again . . . So grab it now . . . It's almost vengeance."**

of them chairmen and three managing directors — eight works directors or managers, four directors—one of them also head of personnel—three other personnel specialists and one general manager.

They needed little persuasion that, in Collinson's words, "one of the tasks right now is to persuade senior managers to persuade middle managers to get up and run. There is no lack of know-how. It's a matter of seeing what opportunities there are. We have had a pounding and we are all fed up with it. I think it would be fair to say that it's almost vengeance.

"But take your revenge carefully: most of us have procedure agreements and they have established the mechanism for challenging management decisions."

What managements needed from the "new reality," said Collinson, was to get back or increase control of the businesses they were trying to run. This meant including in any package, not only pay, but also all matters related to achieving better control. It also meant not implementing anything until it was agreed in writing and signed by both sides. In the past productivity had often been bought, but never obtained, because of things like unsigned agreements or the failure of management to start taking what it had supposedly won.

New opportunities were also envisaged to assess the differences between shop floor and shop stewards, whose aims were not always the same. The example was quoted at the seminar of one company where management had been about to agree with the shop stewards the abolition of merit payments by foremen, but decided first to ask the shop floor directly. The merit payments stayed because the workers saw them as personal, individual incentives.

A particularly hawkish instance was of a company slashing its absenteeism rate by attacking even certificated sickness. If absences became too frequent, the job was deemed to be obviously affecting health too much for the person concerned to continue to hold it. After due warnings, and no improvement, came the sack. Absenteeism dropped dramatically.

Similar tightening up was urged over warnings themselves. One personnel man from a large company confessed: "The Code of Practice says two warnings must precede dismissal. Our agreement says two as well. But somehow or other the company handbook now says three." He did not demur that the time to rip it up and start again was now.

On overtime, Collinson reported that the "new reality" had enabled several firms he knew to demand that it was approved by management before it was worked. This simple act had cut overtime by half, with no loss of production.

A hawkish view also emerged towards shop stewards and their duties. They had often taken for themselves too much freedom of action, it was argued, knowing that in the climate of much of the 1970s management could do little to stop them. All over the country, for instance, you would find there might be six shop stewards where previously there had been three. "So let's freeze their numbers now," the seminar was urged by a senior personnel manager.

Not all the ills, however, were perceived to be on the union side. The "new reality" applies to managements too. Britain, it was felt, was not very good in its use of indirect staff, compared with competing economies. It has more of them, by as much as a factor of four in production control, six in personnel and five in accounts. This could be worse than having low productivity among people involved directly in production.

Collinson expressed the uncomfortable truth: "A high proportion of us regard management as a status, not a task. We have far more secretaries, far more deputies, far more 'assistants to.' Try to do a job evaluation on some of these people and you can't get a job description. The reason is that they haven't actually got a job to do."

How preventing pollution can be profitable

BY DAVID WALKER

"POLLUTION prevention pays" could well be a major slogan for our times. The past two decades have seen growing concern across the industrialised world about the exploitation of ever scarcer resources, and about the mess that exploitation leaves behind both when materials are extracted from the earth and when they are manufactured into end products.

The degree of debate may be unprecedented, but not the concern itself. The end of the Victorian era saw in Britain alone the formation of such bodies as the Coal Smoke Abatement Society, the Garden Cities Association, the Metropolitan and Public Gardens Association, and many others set up to act as pressure groups — or more — against some of the ill effects of the industrial revolution.

Between the wars, a further batch of environmentally concerned organisations — the Council for the Preservation of Rural England, the National Playing Fields Association, the Youth Hostels Association, among others — was born. And again, in the 1950s, yet more were spawned as environmental awareness grew.

Since then we have seen something of a sea-change. Not only has there been a big increase in the number of environmentally concerned organisations, but the whole subject has at once become more international and more political. The so-called Green parties in Europe, including the fledgling Ecology Party in the UK, have sought support at the ballot box and, in West Germany, for example, have had some success in achieving it.

The protests of industry often resemble those used against the abolition of slavery, when what was often conceded as sound in principle was rejected on the grounds that no-one could afford to do it, such was the parlous state of the economy dependent on the old order. In spite of such blandishments, legislation to protect us from the excesses of industrialisation has multiplied, notably in the U.S., but also on the European Continent and in Britain. In most of the industrialised countries, it no longer pays to be a polluter.

But can pollution prevention itself pay the company which sets out to reduce its transmission of noxious materials into the air, earth and water surrounding it? One company which seems to have proved it can is 3M, the U.S.-based multinational, which in the early 1970s started a major review of the likely cost to it of existing and proposed U.S. anti-pollution legislation.

3M's experience is detailed in a new book, The Ecology of Tomorrow's World — Industry's Environment, by John Elkington, editor of the fortnightly Environmental Data Services Report.

The 3M review was carried out under the aegis of Dr. Joseph Ling, the company's vice-president for Environmental Engineering and Pollution Control. He estimated that, at 1975 prices, the annual costs of environmental protection would represent $800 or more for every U.S. household by 1983, excluding the effects of legislation yet to reach the statute book.

He reported, too, that so-called removal technology — adding equipment to existing industrial processes to extract pollutants before they reached the atmosphere — was consuming vast amounts of resources and was likely to consume even more as standards rose.

Spillages

His answer was to move to a non-waste technology. Products were to be reformulated, processes modified, equipment re-designed, and waste materials recovered for re-use. Where possible, waste materials were used in manufacturing, closed water cycles were introduced to reduce water consumption, energy consumption was minimised by integrating heating and power systems and grouping plants in the most advantageous way, yields were increased by collecting spillages and re-using by-products. Product changes included, for example, a switch from a cotton herbicide which generated 12 lb of pollutant per lb of product to one which generated 2 lb per lb, and was cheaper to make.

The result of what 3M calls its 3P—"Pollution Prevention Pays"— programme was the elimination in the U.S. of 70,000 tons of air pollutants and more than 500m gallons of waste a year. Even more important from the company's point of view, was that it made an estimated £10m from saving or deferring costs associated with pollution control.

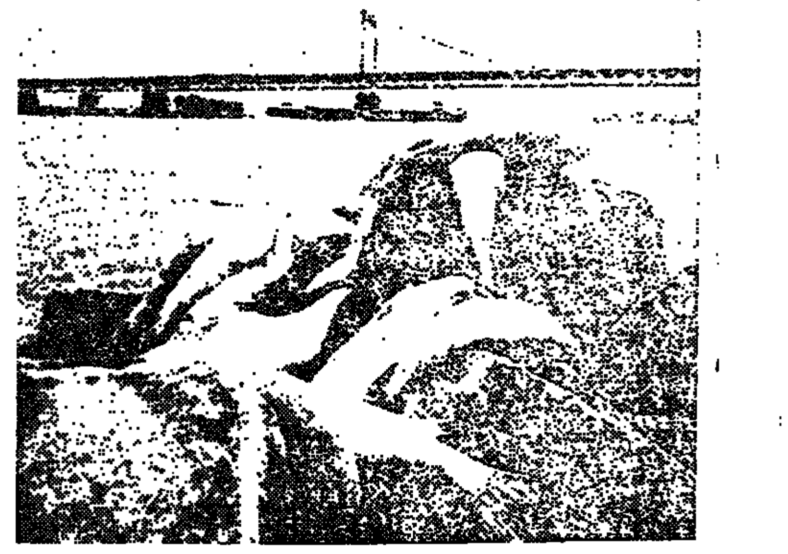
3M's experiences are far from unique; in Britain CIBA-Geigy's plastics division spent just under £212,000 on pollution control systems in 1977, but recovered for re-use materials valued at £361,000.

John Elkington outlines a number of similar case studies, giving the lie to the view that complying with the ever-increasing level of environmentally protective legislation need always impose heavy financial burdens on industry. He draws attention, as well, to the money-making opportunities such legislation gives companies which are able to take advantage of the need for specialist processes to deal with waste.

At the same time, it is very clear that much more needs to be done, and how few are the companies taking the sort of positive attitude exemplified by 3M. The role of legislation in improving the industrial environment is crucial; voluntary changes by industry are rare.

Legislation itself, Elkington shows, may not be the better for being near-universal. Measures which are appropriate on the Continent under the aegis of the European Community, covering several countries sharing one land mass and one set of river systems and coastlines, may not be relevant and may even be the reverse of beneficial in an island such as Britain.

The Ecology of Tomorrow's World is not a handbook for those concerned with meeting the ever-higher standards which society rightly imposes on industry. Neither is it a tract preaching the need for still further constraints on industry to achieve a sounder ecological balance on a planet which has already been grossly dispoiled.



Poisoned fish from the polluted River Rhine

But the book is valuable and informative, by giving case study after case study, sometimes in less detail than I would have liked (and sometimes with irritating errors, such as a confusion between Rolls-Royce Motors and the state-owned aero-engine group), and by examining the pattern of past and present environmental legislation and attitudes, as well as attempting to suggest some future trends.

Its publication comes at a time of severe recession, when many people would question the imposition of burdens on industry in exchange for benefits which may not be immediately tangible. The hope has to be that the experience of 3M and the other companies Elkington cites can persuade the potential recalcitrants that pollution prevention does not just pay the inhabitants of the earth at large, but can pay individual companies involved as well.

The Ecology of Tomorrow's World—Industry's Environment. John Elkington, Associated Business Press, 311 p, £12.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Jobs on the network

A MESSAGE switching system which links Jobcentres in areas throughout the UK uses typewriter-style teleprinters which immediately transfer details of vacancies through a computer system to other offices, using Post Office telephone lines and a processor located at the area offices of the Manpower Services Commission.

Almost 420 of the 800 machines have been installed or are on order from Trend Communications (data communications division of the Phicom group), Knaves Beech Estate, Loudwater, High Wycombe, Bucks (Bourne End 24977).

Gone is the time-consuming routine of passing on details of job openings by telephone or through the post—now the Trend teleprinters route messages either to a single Jobcentre or to a group of them. And within minutes of the messages being received, the details are transferred to vacancy cards for display on notice boards at the centres.

The keyboard send-receive teleprinters are also used to transmit statistical details and messages which assist in administrative operation.

Because the machines work essentially in open-plan office environments used by staff and job-seekers, the Manpower Services Commission was anxious to choose models that were quiet in addition to being easy to operate.

It was largely because of their equipment's suitability for these requirements that Trend won the major contract when it was put out to competitive tender.

Moving messages

A MOVING message display using letters two or three inches high, suitable for promotional or informational purposes has been put on the market in the UK by Ordibel, P.O. Box 149, 41 Southfields Road, London, SW18 1QS (01-874 2553).

The standard sign is 24 characters wide and can be read 150 feet away; to add visual impact the illuminated characters can be stopped and flashed.

Programming is by means of a solid state typewriter keyboard and messages can be constantly updated by editing or replacing old information; once the programming is completed the keyboard can be unplugged and used on another display.

The system, called Media Pac, can be supplied with a remote control keyboard which will program messages from a central point to a network of the display modules.

The display units are lightweight and can easily be moved from one place to another.

Cutting by laser

USED FOR making holes, cut-outs and complex contours in sheet metal or plastics up to 6mm thick is a £½m computer-controlled precision laser cutting press from Trumpf of West Germany.

One of these presses—a Trumatic 180 WL—has just been installed by J. Barrett & Co (Engineering) of Chesterton, Newcastle-under-Lyme where it will complement this company's existing Trumpf punching/nibbling equipment in the production of precision components and fabrications for the oil, mining, process plant, commercial vehicle and other industries.

The laser will operate at a cutting speed of up to eight metres a minute on metals including carbon steel, stainless steel, titanium and special alloys.

During cutting, the workpiece is adjusted beneath the laser head by DC drive motors under the control of a punched tape programme. The powerful CO_2 laser beam is said to produce smooth, burr-free edges, the vaporisd material being expelled by air pressure.

The press is also equipped with a punching head so that the machine can be used for conventional punching and nibbling, depending on which technique is best suited to the application. J. Barratt is on 0782 563024.

European electronics will buck the trend

BY GUY DE JONQUIERES

THE EUROPEAN electronics market will again shrug off the effects of the recession this year to expand at a much faster rate than the industrialised economies as a whole, according to Mackintosh Consultants of Luton.

The company, which specialises in analysing the electronics industry, forecasts that European sales will increase by 12 per cent in real terms in 1981 to a value of US$103bn. This is the same percentage increase as last year, when sales reached US$92bn.

Mackintosh's Electronics Yearbook,* published today, says the growth will be strongest in West Germany, Europe's biggest national market, where sales are expected to rise more than 13 per cent in real terms this year to US$27bn.

Somewhat surprisingly, in view of the depth of its national recession, the UK's electronics market is also expected to rise by about 13 per cent to almost US$20bn. A rise of almost 12 per cent to just over US$20bn is foreseen for France.

The study notes that between 1978 and 1980, the UK's share of total European electronics sales climbed from 16 per cent to 19 per cent, a level last reached in 1973. But much of this increase was due to the rise of sterling against other currencies.

The yearbook is also sanguine about the medium-term outlook. It forecasts that the European market will expand by between 11 and 12 per cent annually to reach more than US$140bn (in constant 1980 dollars) in 1984.

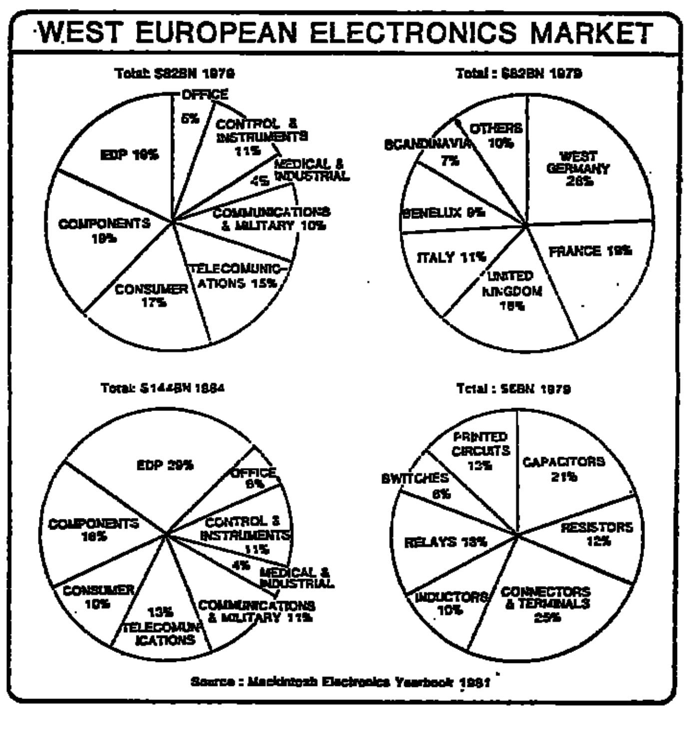
But it points out that much of Europe's growth continues to be supplied by imports. In Electronic Data Processing (EDP), European production was valued at U.S.$13bn in 1979, leaving a trade deficit with the rest of the world of about US$3bn.

On the other hand, some individual countries achieved a trade surplus in electronics equipment and components in 1979. They included the Netherlands, Portugal, Sweden, Switzerland and West Germany.

According to Mackintosh, in spite of the generally gloomy outlook for European economies this year "the current rate of innovation within the electronics industry is proving strong enough to maintain double digit growth rates."

Over the next few years it expects the main impetus for expansion to come from the EDP sector. This is likely to grow to US$42bn in 1984 from US$16bn in 1979, an average annual growth rate of 21 per cent.

Another area of rapid development is expected to be the office equipment market, which Mackintosh believes will double to more than US$8.5bn between 1979 and 1984. Strongest growth is likely to be in sales of photocopying equipment, which are set to treble over the period.



Another solid underpinning will be provided by the civil and military communications equipment market, due to double in value to U.S.$15bn between 1980 and 1984. As well as benefiting from defence re-equipment by NATO members, the market will be boosted by the spread of Citizens' Band radios, satellite communications and cable television.

Sales of public telecommunications equipment will grow by about 7 per cent annually up to 1984 as networks are re-equipped with the new generation of digital exchanges. Growth is expected to accelerate later in the decade as private subscribers start to take advantage of the new types of service and equipment which can be used on digital networks.

Mackintosh believes that the European integrated circuit market will grow by 16 per cent this year—decidedly faster than many manufacturers are forecasting—and that the average annual growth until 1984 will be about 20 per cent.

But the study is gloomy about the outlook for sales of consumer electronics products which, it forecasts, will stagnate at about US$15bn annually between now and 1984. It believes that the market for video games peaked last year, when 4.2m units were sold.

Little increase is foreseen in the current level of sales of colour television sets, about 11m units a year, though the market for both video recorders and electronic watches is expected to prove strong.

* *Mackintosh Yearbook of West European Electronics Data*, Mackintosh Publications, £130. Tel: 0582 417438.

NEWS IN BRIEF

ENGINE TESTER

A DIAGNOSTIC centre designed specifically for motor-cycle engines is the result of two years' collaboration between TI Crypton (one of the Titel group of companies) and Honda.

The new unit is claimed to be the first purpose-built motor-cycle engine tester; it is not a modified version of the testers used on car engines, the manufacturers emphasise.

The system is priced at £2,500; it includes, almost inevitably, microprocessor circuitry. All the operator has to do is decide whether the motor-cycle is two- or four-stroke, how many cylinders it has, and what sort of electrical system it uses. More from TI Transport Equipment on Daventry 4461.

COMPUTING

THE INTEL and Digital Equipment Corporation (DEC) microcomputer development systems offered by Rapid Recall of High Wycombe can now be leased rather than purchased outright. The offerings include the DEC printer and video terminals.

Rapid Recall is offering three schemes: basic lease, finance lease and conventional hire purchase agreements.

The basic leasing agreement, for example, allows a company to enter a two-year agreement (which may be extended at a later date) with payments every three months. At the end of the lease term Rapid Recall will assume full responsibility for the re-sale of the equipment, leaving the customer to seek new arrangements and systems.

Details of the other schemes can be obtained on 0494 26271.

SAFETY

A DEVICE designed to provide for the positive locking of machine guards can be used in conjunction with the machinery start/stop circuits, rotation monitors, and so on, to ensure maximum safety for operators, announces E. W. Bliss (England), City Road, Derby (0332 45801).

This rugged lock consists of a cast iron housing which carries a steel bolt attached to a pneumatic double acting cylinder. An internal spring biases the bolt in the extended position, such that its withdrawal is achieved by pressurising the bolt side of the piston. Thus the bolt will fail to safety in the engaged position.

Extra safety can be ensured by pressurising the other side of the piston when the bolt is in the engaged position, so holding the bolt firmly engaged with the guard.

The position of the bolt is monitored by a limit switch, the contacts of which can be interlocked so that machinery start cannot be instigated until the guard lock is in the extended (engaged) position.

DESIGNER'S KIT

FOR ONLY £10, those experimenting with large area liquid crystal displays can buy a Beckman LCD designers kit.

It includes a quarter inch, 4-digit, liquid crystal display with polarizers attached, a connector/bezel assembly, a printed wiring board and full instructions.

This is the second kit of this type introduced by Beckman and features the latest LCD technology.

Beckman is on 021-742 7761.

MEDICAL SYSTEM

UNIBED is a system of bedside electronics and programs for patient monitoring and data storage put on the market by Oxford Medical Systems, Nuffield Way, Abingdon, Oxfordshire (0235 21135).

A novel display and control facility is based on clearly labelled touch sensitive panels made active under program control. Unibed readily guides the user through the most complex procedures and simplicity is further assured by the elimination of keyboards, knobs, dials and switches.

Almost any physiological parameter needed in intensive care can be monitored. Each Unibed incorporates a microcomputer which holds programs to monitor any transducer. The signals are processed by the computer to provide clear information to medical staff.

PROTECTION

ULTRA-PROTECTION of products, such as sharp-edged steel fittings for the petro-chemical industries, is being achieved with Titan SB spun-bonded polypropylene sacks supplied by Bowater at Ellesmere Port, Cheshire.

Chester company, Mid-Continent Supply, previously used plastic sacks which split easily when roughly handled in transit. It now reports a considerable increase in product safety (without increase in packaging costs)

COMMUNICATIONS

WHEN THE sixth of the series of eight TIROS-N satellites becomes operational in 1982 it will be equipped for trials of a new wide area search and rescue system.

Designated NOAA-10 the craft will help reduce rescue response time in addition to carrying out its normal duties as an orbiting platform that provides day and night weather information from space.

Designed and built by RCA Astro-Electronics for the National Oceanic and Atmospheric Administration (NOAA) the satellite's search and rescue equipment will relay to ground stations signals emitted by special beacons installed in aircraft and ships.

Within minutes after an alert is received computers at the ground stations will establish a fix, pinpointing the emergency site to within 13 miles. The information will be sent to rescue co-ordination centres, notifying them that an aircraft is downed or a ship is in distress, indicating the site.

Canada, France and the U.S. will provide ground stations

Atlas Copco
Compressed Air Technology

Mobile unit for heat treatment

THE PREHEAT and postheat treatment specialist, Cooperheat of Southport, Lancashire, has introduced 50 sets of transformer and control equipment, specially designed for transportation inside 800 kg vans fitted with lifting capacity.

Both units are mobile, the 48 kVA transformer being connected to the nearest three-phase supply to provide a safe 65 volt AC heat treatment system.

The control cart (housing solid state contactors, programme and recorder and a built-in "Calcheck" unit monitoring the accuracy of the recorder) is situated close to the weld(s) requiring post weld heat treatment (stress relief). Six welds totalling 50 diameter inches up to one inch thick may be individually heat treated.

More on 0704 33633.

Tries them for size

COMPONENTS can be checked for size as they are being shaped by machine tool with the aid of the latest "in-process" gauging equipment produced by Machsize.

The units are available as original equipment to machine tool builders or they can be housed in cabinets suitable for retro-fitting to existing machines.

The company says that a typical application for the equipment is in the control of a grinding machine. A measuring head checks the size of the component during the grinding process and signals from this head are fed to a control unit which automatically retracts the grinding wheel when the required dimensions are reached.

It is stated that the gauging system could be used for processes other than grinding and details can be obtained direct from the company which is on the Fourth Floor, York House, Clarendon Avenue, Leamington Spa (0926 312542).

LOMBARD

How to keep taxes down

BY SAMUEL BRITTAN

THE U.S. AND British Administrations face remarkably similar tax problems in their Budgets for 1981-82. The Reagan Administration is committed to making a start on at least the first 10 per cent of the 30 per cent across-the-board tax cuts proposed by Representative Jack Kemp.

This first slice would hardly count as a cut by the standards of many European countries. For it will not even offset the automatic effect of the inflation of recent years in drawing more people into higher taxes, an effect known by the revolting name of "fiscal drag." By contrast the Rooker-Wise amendments and their successors in the last UK Finance Act, provided for the automatic upward adjustment of starting points and thresholds, unless a resolution to the contrary is carried by the Chancellor in Parliament.

But however nominal the Reagan-Kemp cuts are, the U.S. clearly cannot afford them. The American Budget deficit is very large even before the increase in military spending promised by the incoming Administration. The whole weight of containing inflation is being put on the Fed; and interest rates hovering around 20 per cent are being experienced even before the tax "cut" and before the military boost.

Thresholds

In the UK, the threat is of an increase in effective rates of income tax, whether by a rise in the basic rate, or by taking advantage of the "Lawson" escape clauses in the "Rooker-Wise" indexation provisions, and not adjusting starting points and thresholds for inflation. The projected public sector borrowing requirement (PSBR) for 1981-82 was nearly £11bn on the last count, and could turn into £12bn, compared with £7bn to £8bn implied in the medium-term financial strategy.

The excess may be allowed to occur for stabilisation purposes as the recession is worse than expected when the targets were set.

Even so, increases in personal taxes are still threatened. For the Treasury will want to raise revenue to lighten the burden on industry, for instance by trading a rise in income tax against a reduction in the employers' National Insurance surcharge.

This is not a happy prospect. Taking income tax down and then raising it is a political U-turn which the politicians may find a way of executing. But even on the pure economic side it goes against the grain to advocate a *rise* in personal tax and diminution in purchasing power in the severest of all post-war recessions.

Alternative

There may, however, be an alternative. An idea being canvassed by U.S. policy planners, to prevent the Reagan-Kemp tax adjustments from being too inflationary, might also be of help in the British context. This is that the tax cuts should be given in the form of Treasury bonds indexed against inflation. As there is no other way U.S. taxpayers can obtain such protection, a large proportion of the bonds is likely to remain uncashed. Thus the tax "cut" would add only modest amounts to the U.S. Treasury's financing problems and to the pressures on U.S. interest rates.

The equivalent in the UK would be, instead of raising taxes, to require taxpayers of all ages to put a certain amount into inflation-proofed "granny bonds" or alternatively into the SAYE scheme for inflation-proofed savings. Any comparison of such schemes with the ill-fated Postwar Credits would be wrong. The last Post-war Credits were not unfrozen until the 1970s. By contrast savings can be withdrawn from granny bonds or SAYE at almost any time, and they obtain the full inflation-proofing after one and five year's respectively.

There is a very good chance that the owners of such inflation-proofed savings securities would leave a large proportion invested during the period of acutest squeeze on Treasury finances before North Sea oil revenues came to the rescue. At the same time they would be regarded as a component of personal wealth and thus reduce consumer spending less than straight tax increases would do — with obvious anti-recession benefits. Thus whether or not the U.S. President and Congress buy the idea of taking tax "cuts" in indexed bonds, there is every reason why Sir Geoffrey Howe should look to his increased revenue in this form.

A reconstruction of the criminal procedure 'debris'

THE WEEK IN THE COURTS

BY JUSTINIAN

TWENTY YEARS ago a Government White Paper announced with pained surprise that "rising standards in material prosperity, education and social welfare have brought no decrease in the high rate of crime reached during the war." Today the same statement could be made, but more in sadness than with surprise.

The question that the experts are beginning to ask is, how far in such a state of society the criminal process is adapted to discharge the increasingly heavy tasks imposed on it. The reason for such questioning is that the English criminal justice system was constructed for a day and age very different from our own. From the end of the 18th century the policy of the legislature on its infrequent incursions into this area of law, has been to make do and mend.

The persistent application of such a policy has led one contemporary commentator to observe, with only a touch of hyperbole, that the technical rules of evidence at a criminal trial are "founded apparently on the proposition that all jurymen are deaf to reason, that all witnesses are presumptively liars and that all documents are presumptively forgeries."

These foundations have been added to, subtracted from and tinkered with for two centuries until the system has become "less of a structure than a pile of builders' debris."

It must have been with some similar thoughts that the Royal Commission on Criminal Procedure (whose report is to be published on Thursday) three years ago set about the task of pointing the criminal justice system in the right direction. It has been a daunting task, given the historical background.

Although there were some observers who thought that in the main the rules of evidence had served the public well, few could resist the pressing need for a thorough review. In 1964 the law of evidence in criminal cases was referred by the Home Secretary to the Criminal Law Revision Committee.

Targets

That committee took eight years to produce its report. It ultimately floundered in criticism from several sources, including some Law Lords. The two main targets of criticism were its proposals to tamper with the accused's right to silence, both at the stage of police interrogation and in the courtroom, and to admit in evidence in certain circumstances the accused's previous convictions. There were more technical objections to other recommendations.

While the committee had its profound detractors, there were others who welcomed the attempt to rationalise the system and bring it into line with the law of evidence in civil cases.

But the committee suffered from two defects in presentation. First, it failed early in its deliberations to put out a document for consultation, indicating the direction of the committee's thoughts; the consultative (green paper) document was helpfully invented by the Law Commission only in 1967 and its utility had not been perceived in other quarters.

Second, the committee's report suffered from a mass of compromised proposals, instead of making clear-cut proposals, leaving the minority to argue the case against them. There were large hints or dissension in the report without any declaration as to who was dissenting from what.

Criminal trials in the 1970s continued to disclose the severe handicap of an unreformed procedure. Two new elements emerged to exacerbate the existing unsatisfactory state of affairs. With the advent of an extensive legal aid system, some trials began to take an inordinate time to complete, occasionally being aborted by some procedural hitch, such as the interference with jurors or Press comment rendering continuance of the trial unfair to defendants.

Some judges did not assist, both by incompetent handling of the cases and frequently interminable and unnecessarily long summings-up, a matter to which the Lord Chief Justice alluded recently in a commendably forthright statement. Whether the Royal Commission will proffer any solution to these problems is doubtful; its terms of reference point to more pressing aspects of criminal procedure.

But administrators and legislators will not be able to avoid the inevitable task of looking at the whole question of trial by jury. The inalienable right of every person accused of an indictable crime to be tried by 12 good men and true will not, however, readily yield to erosion.

The attempt in the Criminal Law Act 1977 to remove the right in cases of theft of less than £20 failed under pressure from the extreme civil libertarians.

A second, more direct problem ultimately prompted the Government to take the plunge and try again for reform. A series of wrongful convictions in the last two decades produced largely by the fact that prosecutions remain largely in the hands of individual police authorities, called into question the absence of a national prosecuting authority.

The powers of the Director of Public Prosecutions to impose a prosecution policy for the whole country are very limited; envious eyes were cast across the border where prosecutions are controlled by Procurators-Fiscal under the direction of the Lord Advocate's office in Edinburgh.

A large section of the Royal Commission's report will deal with this issue; but the heavy cost of transforming the prosecuting system may lead to a compromise whereby a regionalised system will be introduced rather than a full-blown public prosecutor's department centralised in London

Police practices have generally been the focus of much of the Royal Commission's work. Judicial control over police methods of interrogation has been a marked feature of the English system.

The Judges' Rules, constructed by the judges as guidance to the police, at best operate by remote control. At worst, and mostly so, they are observed more in their breach.

Police have regarded them as a hindrance to crime detection and have been able either to ignore them or apply them mechanistically in the secure knowledge that courts will not penalise them at trial in favour of obviously guilty men.

The courts in their turn declined to give them the force of law. The rules, which are often internally contradictory, will require revision and need to be made part of the statutory law.

Evidence

False confessions are no longer the product of the fertile imagination of crime novelists or disgruntled reformists. There is now a sufficiently large body of evidence to show that suspects do make statements that incriminate themselves wrongly.

The suggestion has been widely made that every interrogation of suspects of serious crimes should be tape-recorded; some say, video-taped. The cost of such a practice in police stations, as well as the continued possibility that confessions will still be made wrongly, argue against their introduction.

After all, confessions are rarely, if ever, beaten out of a suspect. It is the lowering of psychological resistance to questioning in an environment where fear holds sway over the individual that produces the unintended self-incrimination.

An allied problem that much vexes the police is whether they may detain a person for questioning without arresting him. The law has never spoken clearly on this point, leaving it to the detained individual unrealistically to come to the courts for the writ of habeas corpus.

Last month the High Court ruled that the law requires that a person must be brought to a magistrates' court within 48 hours of being taken into custody. While this ruling was welcomed by reformers, it seemed to sanction the idea that there is in fact such a thing in English law as a lawful detention without arrest for at least that short period of time.

The police point out, with some justification, that there are cases where they need the power to obtain evidence from the suspect held involuntarily at a police station, without which they are not in a position to charge the person whom they would legally be bound to release.

These are a few of the acute problems that have faced the Royal Commissioners. Whether their proposed solutions attract sufficient support from the public remains to be seen. That something needs urgently to be done can hardly be gainsaid. Prompt legislative action on the report is a prime requirement.

Light Infantry to repel his foes

RACING

BY DOMINIC WIGAN

THE PRESENCE of Light Infantry, Grid, Chevulgan and Celtic Rambler should ensure that this afternoon's renewal of the Saracen's Head Handicap Hurdle at Nottingham is closely fought.

Coirse winner Chevulgan and the young Fred Rimell representative, Celtic Rambler, will both have their supporters but I intend narrowing the event to Grid and Light Infantry. There was no semblance of a fluke about Light Infantry's 20-1 success over Albury Lad and nine others at Worcester on November 19.

There Light Infantry, allowed to amble round at the rear of the field in the early stages, only began a forward move at the fourth from home. However, he then found a great deal more in reserve than many had anticipated and, with his stamina coming into full play in the closing stages, mastered Stan Mellor's experienced Bivouac stayer to win.

Grid seems certain of plenty of support as he attempts to give Light Infantry 5 lbs. Peter Easterby's five-year-old—whose overall record over timber since being bought out of Henry Candy's stable for 8,800 guineas bears close scrutiny—put up a particularly spirited display in Ayr's Skeldon Handicap recently.

In the North, Political Pop may be worth another chance as he attempts to get back on the winning trail in Sedgefield's Hamsterley Novices Chase.

NOTTINGHAM

12.45—Jet On
1.15—Magnolia Lad
1.45—Shifting Gold
2.15—Clayside
2.45—Light Infantry**
3.15—Even Run

SEDGEFIELD

1.30—Starlight Lad*
2.30—Political Pop***
3.00—Ribonny

TV Radio

BBC 1

† Indicates programme in black and white

12.45 pm News. 1.00 Pebble Mill At One. 1.45 Mister Men. 3.15 Songs Of Praise from St. Andrews, Fife. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 Playhouse. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ivor The Engine.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 New Year On Nationwide.
6.55 Triangle.
7.20 Star Trek.
8.10 Panorama: "Whatever Happened to Afghanistan?"
9.00 News.
9.25 The Monday Film: "Victory At Entebbe," starring Helmut Berger, Anthony Hopkins, Burt Lancaster and Elizabeth Taylor.
11.50-11.55 News Headlines.

All Regions as BBC 1 except as follows:

BBC Cymru/Wales—1.45-2.00 pm Pila Pala. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15-8.10 To Serve Them All My Days. 11.50 News Headlines, News and Weather for Wales. 11.55-12.45 am The Bloxham Tapes.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Scene Around Six. 6.20-6.55 Land 'N' Larder. 11.50 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
†5.40 pm Laurel and Hardy in "The Chimp."
6.05 Michael Strogoff, based on the novel by Jules Verne.
7.00 Something Else.
7.45 Mid-Evening News.
7.55 When The Bough Breaks.
8.10 Gilbert O'Sullivan.
9.00 The Hitch-Hiker's Guide To The Galaxy.
9.30 Horizon: "Spend And Prosper"—portrait of John Maynard Keynes.
10.20 Maestro—Tommy Farr—Boxer.
10.50 Newsnight.

LONDON

9.30 am Showjumping With Harvey Smith. 9.55 Animated Classics. 10.40 Wilderness Alive! 11.30 Bailey's Bird. 11.55 The Undersea Adventures Of Captain Nemo. 12.00 Button Moon. 12.10 pm Rainbow. 12.30 Women Rule OK. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 The Riordans. 2.30 Monday Matinee: "Kenner." 4.15 Dr. Snuggles. 4.20 The Sooty Show. 4.45 The Book Tower 5.15 Money-Go-Round.

5.45 News.
6.00 Thames News.
6.30 Hart Of The Yard.
7.00 Wish You Were Here...?
7.30 Coronation Street.
8.00 Shelley.
8.30 World In Action.
9.00 The Sweeney.
10.00 News.
10.30 The Troubles.
11.30 The Monte Carlo Show.
12.25 am Close: Sit Up And Listen with William Rees-Mogg.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Call It Macaroni. 9.55 Rocket Robin Hood. 10.20 Friends of My Friends. 10.45 Animated Classic. 11.35 Cartoon Time. 1.20 pm Anglia News. 2.00 Money-Go-Round. 2.30 Monday Film Matinee: "Rawhide," starring Tyrone Power and Susan Hayward. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 11.30 It's a Musical World. 12.30 am Christians in Action.

ATV

9.45 am Sesame Street. 10.45 The History of the Motor Car. 11.10 Animated Classics. 1.20 pm ATV News. 2.00 The Monday Matinee: "Nor The Moon By Night," starring Brenda Lee and Patrick McGoohan. 3.45 Money-Go-Round. 5.15 Gambit. 6.00 ATV Today. 11.30 ATV News. 11.35 Something Different, presented by Ann Tennant.

BORDER

9.45 am Survival. 10.10 Inner Space. 10.35 Jabberjaw. 11.00 Tarzan. 11.50 Larry the Lamb. 1.20 pm Border News. 2.30 Monday Matinee: "Hijack," starring David Janssen. 3.45 Money-Go-Round. 5.15 Gambit. 6.00 Lookaround Monday. 6.15 The Sound, of ... 6.30 The Entertainers. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.00 The Monday Matinee: "Kenner." 3.45 Money-Go-Round. 5.15 Gambit. 6.00 Channel Report. 6.15 Cartoon Time. 6.30 The Amazing Years of Cinema. 10.28 Channel Late News. 10.34 The Troubles. 11.30 News and Weather in French.

GRAMPIAN

9.40 am First Thing. 9.45 Kum Kum Cartoon. 10.10 Chopper Squad. 11.05 Survival Special. 1.20 pm North News. 2.00 Monday Matinee: "Geordie," starring Alastair Sim. 3.45 Money-Go-Round. 5.15 Gambit. 6.00 North Tonight. 6.30 Out of Town. 11.30 Reflections. 11.35 The Palace Presents: Pearl Bailey and Connie Stevens. 12.30 am North Headlines.

GRANADA

9.30 am Look at Life. 9.40 The Funky Phantom. 10.00 Diary of Civilisation. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Money-Go-Round. 2.30 Monday Matinee: Ingrid Bergman and Yul Brynner in "Anastasia." 5.15 Gambit. 6.00 Granada Reports. 11.30 Kate Loves a Mystery.

HTV

9.45 am Sesame Street. 10.45 Wilderness Alive. 11.35 Young Country. 1.20 pm HTV News. 2.00 Money-Go-Round. 2.30 The Monday Matinee: "Rockets Galore," starring Jeannie Carson. 5.15 Gambit. 6.00 Report West. 10.28 HTV News. 11.30 Quincy.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Paramount Cartoon. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

9.30 am Vikings of the Sunrise. 10.20 Of Tides and Times. 10.45 Patterns. 11.10 Winter Navigation. 11.25 Target the Impossible. 11.50 The Bubblies. 1.20 pm News Headlines and Road and Weather Report. †2.00 "Situation Hopeless But Not Serious." 3.45 Money-Go-Round. 5.15 Gambit. 6.00 Scotland Today and Crimedesk. 6.30 Take the High Road. 7.00 Now You See It. 11.30 Late Call. 11.35 Mannix.

SOUTHERN

9.30 am Beachcombers. 9.55 George Hamilton IV. 10.20 "Go For A Take," starring Reg Varney. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "Battle Of Rogue River," starring George Montgomery. 3.45 Money-Go-Round. 5.15 Diff'rent Strokes. 6.00 Day By Day.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival. 9.55 Alphaber: The story of writing. 10.20 Call It Macaroni. 10.55 Stars on Ice. 11.20 Home Nursing. 11.50 Sally and Jake. 1.20 pm North-East News and Lookaround. 2.00 Money-Go-Round. †2.30 Monday Matinee: "Holiday Camp," starring Flora Robson and Dennis Price. 5.15 Happy Days. 6.00 Northern Life. 10.30 North-East News. 11.30 Laverne and Shirley. 12.00 The Visit of the Wise Men.

ULSTER

10.00 am Adventures of Sir Edmund Hilary. 11.00 Sesame Street. 1.20 pm Lunchtime. 2.30 Monday Matinee: "Fury At Gunsight Pass," starring Neville Brand. 3.45 Money-Go-Round. 4.13 Ulster News. 5.15 Gambit. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

9.30 am The Amazing Years of Cinema. 9.55 Dinah Saur. 10.10 Chopper Squad. 11.00 Sesame Street. 1.20 pm Westward News Headlines. 2.00 The Monday Matinee: "Kenner," starring Jim Brown. 3.42 Gus Honeybun's Birthdays. 3.45 Money-Go-Round. 5.15 Gambit. 6.00 Westward Diary. 10.31 Westward Late News. 11.30 Faith For Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Wilkie in Winter. 9.55 Tatters. 10.45 Cartoon Time. 11.00 Tandarra. 11.55 Casper the Friendly Ghost. 1.20 pm Calendar News and Local Weather. 2.00 Money-Go-Round. †2.30 Monday Matinee: "Knock On Any Door," starring Humphrey Bogart. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Mind Your Language. 11.30 The Jazz Series, with the Ronnie Scott Quartet.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 David Bowie. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Folk on 2 (S). 9.02 Humphrey Lyttelton (S). 9.55 Sports Desk. 10.02 The Monday Movie Quiz with Ray Moore. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Edinburgh International Festival '80: Chamber music recital, part 1 (S). 10.40 Interval Reading. 10.45 Recital, part 2. 11.20 Bournemouth Symphony Orchestra, part 1 (S). 11.55 Interval Reading. 12.05 pm Concert, part 2. 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.05 Matinee Musicale (S). 3.05 Clarinet Music and Songs (S). 4.00 New Records (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Concert at Lancaster University, part 1: Berlioz, Edward Cowie, Berg (S). 7.55 Interval Reading. 8.00 Concert, part 2: Debussy. 8.45 Conversations with Artists: Painter Beryl Cook in conversation with Edward Lucie-Smith. 9.30 The Complete Webern (S). 9.50 Jazz in Britain: "The Cortege" by Mike Westbrook (part 1) (S). 11.00 News. 11.05-11.15 Britten (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week on 4. 8.45 Bartleby by Herman Melville. 9.00 News. 9.05 Start The Week With Richard Baker. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 A Prophet at the Microphone. 11.50 Poetry Please! (S). 12.00 News. 12.02 pm You and Yours. 12.27 Old Took's Almanac (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.35 Just The Job: Jim Bell, driving instructor. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Fat Man in Italy (S). 7.00 News. 7.05 The Archers. 7.20 News Quiz of the Year (S). 7.50 The Monday Play (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night (S). 12.00 News.

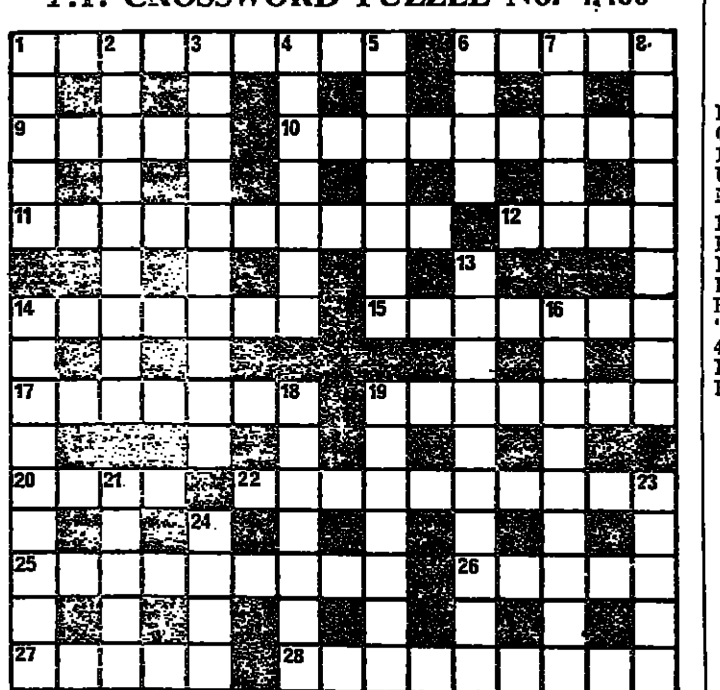
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Mike Sparrow Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 9.00-5.00 am Join Radio 2.

Capital Radio

6.00 am Mike Smith's Breakfast Show. 9.00 Michael Aspel. 12.00 Graham Dene. 1.00 pm First Report. 1.10 Graham Dene, continued. 3.00 Roger Scott. 7.00 London Tonight with Sarah Ward. 9.00 Alan ("Fluff") Freeman. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,460



ACROSS

1 A riddle won't bear examination (4, 5)
6 Cast shot on course (5)
9 Herb by degrees joins one student (5)
10 Bear up in a small way (4, 5)
11 Part-time soldiers hide operative job to be done (4, 2, 4)
12 Over the French paper (4)
14 Foreshadow the last of the wine (7)
15 One quarter sick of being at sea (7)
17 Disorderly as Wells might be (7)
19 Darling thing requiring most money (7)
20 Companies given head start by club (4)
22 Used by maker of minute revolution (6, 4)
25 Dips mother in February feast (9)
26 Control Commission (5)
27 File article in tree (5)
28 Operational base for meals on wheels service (6, 3)

DOWN

1 Dress in usual way (5)
2 Thatcher's material in the end could be just too much (4, 5)
3 Very friendly always with goodness (4, 1, 5)
4 A bit crazy when moved (7)
5 Hates beheading gifts (7)
6 Water supply causing inflation (4)
7 Stretched in future for instance (5)
8 Scarce played by elusive female (4, 2, 3)
13 Lancs town depressed about key judicial attire (3, 3, 4)
14 Panda wheeled about (6, 3)
16 Candle ICI fashioned from the frozen north (9)
18 Point to combination newsman cooked (7)
19 Calls small drink an offence (5, 2)
21 Is turning up with unaccustomed strength (5)
23 Ruder kind of painter (5)
24 Cancel another hiding place for impetuosity (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Wed. & Sat 7.30: Tosca. Thurs 7.30: The Merry Widow. Fri 7.30: The Barber of Seville. 104 balcony seats avail from 10am on day of perf.

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THE ARTS

Coliseum

Tosca

Supplying a soprano and tenor with big, well-placed voices that sail out untroubled into an enormous auditorium will not, of itself, "make" a good *Tosca*; this was not, it should immediately be said, the sole virtue of Saturday's English National Opera revival. But there is no denying the pleasure, of an elementally operatic kind, to be derived from hearing Linda Esther Gray's Tosca and Charles Craig's Cavaradossi in this house: many a more glamorous cast "up the road" has carried a less powerful charge.

As it happens, Mr. Craig's throat had to be apologised for; and word was that Miss Gray was also in less than best health. A few scraggy notes at the start of "E lucevan le stelle," and hints of passing uncertainty in the soprano's vocal extremities (the closing phrases of "Vissi d'arte" raw in quality, some loosely focused low-lying utterances in Act 3) were the evidence, though these infirmities failed to tamper with one's enjoyment of much firmly mettled singing throughout the evening. Mr. Craig's voice remains, like his stage persona, solid, honest, unfaked; romantic ardour may never have been his province, but, suitably wigged and (except for some curious winged sleeves in the second act) costumed, he carried off his share of the drama with impressive dignity.

This was Miss Gray's first Tosca. The fine detail of intricate stagecraft will no doubt sharpen; native warmth, sincerity, and largeness of personality — the final oath on the ramparts was flung out with the gleaming grandeur of a Roman Brünnhilde — are already in place. Feigned prima donna mannerisms are eschewed: the portrait of a simple, full-blooded woman comes to life. Witnessing and marking the development of this artist is one of the strong pleasures of current British operatic life.

When new a few years ago the ENO production was a clumsy, cluttered affair; it has been restaged by Stefan Janski, and the difference is notable. Apart from Scarpia's entrance, which lacks cutting edge, Act 1 is now tightly plotted; Palazzo Farnese still imparts a whiff of Dickensian dankness, though the dour economy, in delivery and bearing, of Neil Howlett's intelligently conceived Scarpia (vocally somewhat underpowered) sorts aptly with such a setting. This *Tosca* works — the necessities have been deftly provided (good Angelotti and Spoletta from Richard Angas and Terry Jenkins), and so the opera, which can seem nothing but a blowsy, distasteful melodrama, revealed unexpected sidelights, new angles for view.

MAX LOPPERT

Elizabeth Hall

Jessye Norman

Miss Norman sailed on for her Thursday recital like a stately galleon bringing treasure, as indeed she was. Only the other day I was recalling her sterling performance of Beethoven's Gellert songs, exactly a year ago in this hall; this time there was comparable authority in virtually everything that she did. Her strong, lustrous soprano was used with the utmost subtlety, broad effects secured with delicate precision — and over an impressive dramatic range which she rendered entirely her own: no character-voices, no impersonator's tricks.

For her programmes Miss Norman seems to favour an accredited format: spirituals followed by blues, and then comic and bawdy numbers. This year the place of the Beethoven/Gellert sacred songs was filled by three of Schubert's pantheist visions and Mozart's late, potent Masonic (or Unitarian) Cantata K. 619, all of them delivered with majestic and irresistible fervour. (Her accompanist was Geoffrey Parsons, admirable in Schubert, but unequal to her amplitude and warmth in Mozart and Brahms.) She had the happy thought of inserting Schubert's "Der Musensohn" before the Mozart, and sang it delectably, with a perceptive hint that the gadabout daemon is breathless from his endeavours.

The blues were Brahms's, middle and late romantic songs for which Miss Norman at once adopted a more personal, confessional tone. She took "Dein blaues Auge," like "Es träumte mir," at a daringly slow tempo and filled it with intensity. After the interval she gave winningly light and stylish accounts of four Gounod songs (including Mignon's song and the Gautier verses that Berlioz borrowed for his *Nuits d'été*, and then turned gleefully to Offenbach. She made each of two numbers from *La Périchole* and another from *Le Voyage dans la Lune* a brilliant vignette, striking the operetta-vein dead centre and seeming to find all the irony and innuendo in the music itself. By way of encore we had "Mon coeur s'ouvre à ta voix" from *Samson*.

DAVID MURRAY

Purcell Room

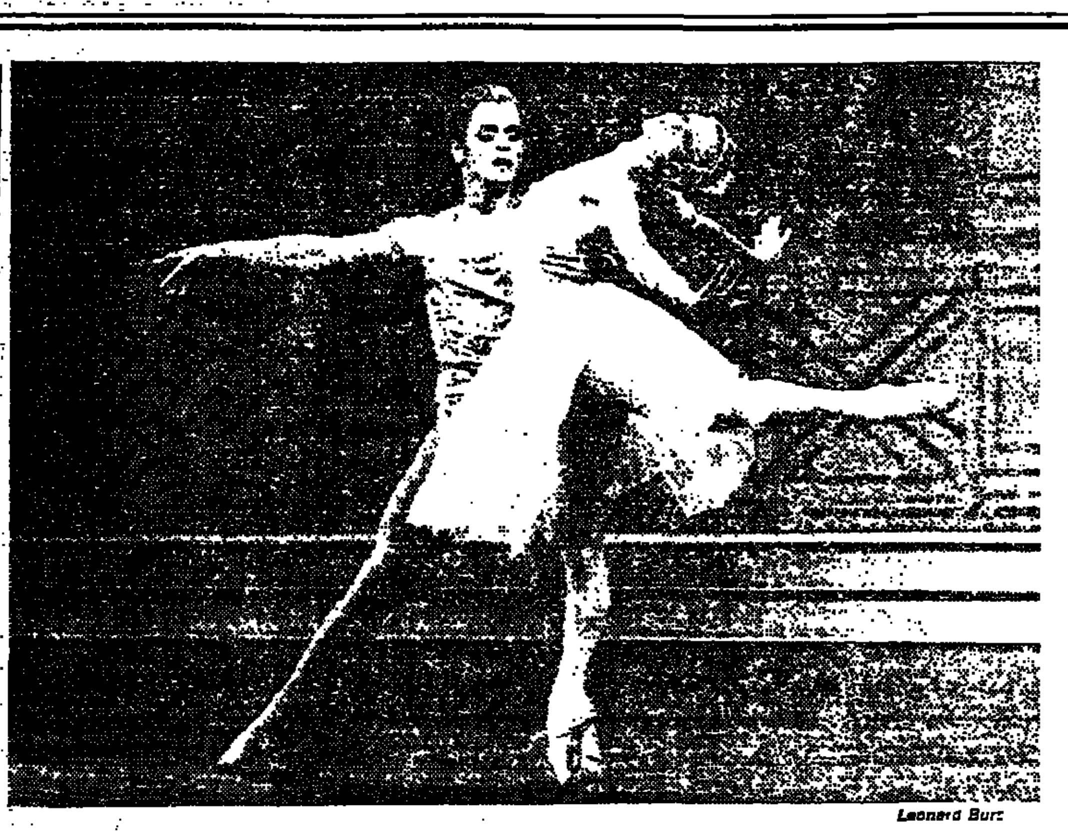
John Wallace

Mr. Wallace is the excellent principal trumpet of the Philharmonia as well as a director of the enterprising Lysis ensemble. His solo recital on Friday was the first of three by Lysis members, all devoted to recent music—though Wallace did include the 1939 Sonata of Hindemith. Like Hindemith's many other sonatas (he wrote one for everything, more or less) it takes sedulous account of the established character of the instrument and builds a workmanlike construction around that. Wallace made much of it, coolly and judiciously—his accompanist Roger Dean too, though with a non-matching, soft-edged attack. All the other music heard the trumpet in fresher ways.

None of them made any hullabaloo. Qualms about a trumpet recital in the little Purcell Room were unfounded: Wallace roared us as gently as any sucking dove, even when reinforced by himself on tape (in pieces by Mr. Dean and Roger Smalley). The natural assertiveness of the instrument was translated into fine-drawn tensions in the early Sonata of Peter Maxwell Davies, supported by Messiaen-ic piano flourishes. Iain Hamilton's Five Scenes were more conventionally decorative and theatrical — thoroughly professional writing, thin music, though executed here with great delicacy. Some flamboyance was missing.

Wallace's splendid security and scrupulously graded tone could not make Dean's tape piece "Conversely" seem more than a tentative exercise, but Smalley's *Echo III*—for trumpet with double tape-delay, and thus an extended 3-part canon — was a distinct success. Unpretentious and ingenious, with a good sigh-of-relief joke at the end, it is an engaging *hommage* to Terry Riley's *Dorian Reeds* (even with indifferent sound reproduction), and Wallace coloured its phases expertly.

DAVID MURRAY



Leonard Burt

Lesley Collier and Mikhail Baryshnikov in Frederick Ashton's 'Rhapsody'

Grand Theatre, Leeds

The Tales of Hoffmann

by ARTHUR JACOBS

The new instalment of the English National Opera North's season shows a double vitality. Last year's distinctly un-*Merry Widow* has returned in a much improved production—with a new cast, led by Elizabeth Robson and Christopher Booth-Jones, and a new conductor, John Pryce-Jones. *The Tales of Hoffmann* entering the company's repertory for the first time, is presented with a keen dramatic edge and with the addition of a comic relish largely missing from Covent Garden's prodigally expensive production of the same work.

In communicating the rich and forceful fantasy of Offenbach's plot, the Leeds version is indeed superior—starting with the advantage of "native" English over non-French French. Moreover the roles are not fragmented, as at Covent Garden, into a sucession of party pieces. The Australian soprano Joan Carden undertakes all four of Hoffmann's loves, and Norman Bailey all four of his hated rivals.

Spoken dialogue, as Offenbach intended, is used instead of Covent Garden's additional recitatives; the Venetian episode is correctly placed last, not in the middle; and Hoffmann's companion, Nicklaus, is revealed from the beginning as an incarnation of the poet's Muse. No guaranteed "authentic" version can be assured of a work whose composer died before quite finishing it. But at least this is an attempt to capture his wishes — and the interesting result is that the musicologically more "correct" version makes better theatre.

Anthony Besch's production carries his usual imaginative touches. In a momentary illusion, all three of Hoffmann's former loves are brought before our eyes at the start; and all three of them plus Stella, his latest love, are glimpsed at the end. It is a pity that John Stoddart's scenery and costumes provide no richer colours for the Venetian scene, which might have helped Miss Carden to convey more of the calculating courtesan in her portrayal of Giulietta. But otherwise her versatility triumphed. She moved charmingly as the doll, Olympia, singing her mechanical song with just the right cold crispness, and later presented an impetuous, tender Antonia—though not, I admit, as touching as that of Ileana Cotrubas at Covent Garden.

Of Norman Bailey's roles, equally compelling in speech and song, the best is Dr. Miracle: not quite such a quasi-Mephistopholes as usual, but a more human, more genuinely terrifying figure of evil. The look of sanctimonious pity that comes on his face after Antonia's death is one of those tiny details which indicate the great artist. His Coppelius is an engaging rascal, his Dapertutto (oddly in military uniform), suitably sardonic and masterful. In another multiple impersonation Justin Lavender enacted all four comic servants: his Cochenille alongside the splendid Spalanzani of Michael Lewis had exceptional sparkle.

Fiona Kimm, always an intelligent and articulate young artist, found it difficult to capture the maleness of Nicklaus: curiously, her most male-sounding voice was when she resumed her female identity as the Muse and declaimed the speech recalling Hoffmann to his poetic vocation. David Hillman was the Hoffmann — not always well-focused in voice but always with the bold projection of tone and personality that the role requires.

Elizabeth Hall

Mainly Mozart

by ANDREW CLEMENTS

In a quiet way the series of concerts mounted each new year in the Elizabeth Hall has come to form a mid-winter equivalent to South Bank Summer Music. On Friday evening it got into its chamber music stride with a recital for violin and piano given by Gyorgy Pauk and Andras Schiff. The featured composer this year is Mozart and their programme coupled two of his finest violin sonatas with Schubert's *Rondeau Brillant* and C major Fantasy.

The partnership of Pauk and Schiff seems in every way an enriching, complementing one. Mr. Schiff's tendency to preciousness in some of his solo work, to gild already ornate phrasing, is kept within bounds by Mr. Pauk's direct commonsense, while in turn the violinist's occasional matter-of-fact approach is mitigated by his pianist's unbounded enthusiasm and attention to detail. Both are chamber players of a very high quality.

Until the final sections of the Schubert fantasy, when tiredness appeared to blunt the keenness of Pauk's technique, they provided together a recital of finely graded performances, the very few moments of unequal response invariably compensated immediately afterwards. The opening roulades of the *Rondeau* were shrugged off a little carelessly but the following fragments of melody were gloriously entwined, while in the fantasy — a work which always seems to promise greater last period Schubert than it delivers — the introduction seemed authentically mysterious and the variations brimmed with bravura; only the balder finale remained unconvincing and uncommitted.

Still less to quibble over in their performances of the Mozart sonatas. The A major sonata K526 was given its full expansive weight, every repeat observed, and the slow movement was delivered with a gravity and breadth that seemed to place it among Mozart's finest chamber movements; the little E minor sonata K304 was nudged gently towards a wistful lyricism. An auspicious evening.

*

On Saturday the series continued with the Lindsay String Quartet in a programme of two quintets by Mozart. The group was joined by Simon Rowland-Jones for the G minor string quintet and by Eduard Brunner for the clarinet quintet. After some less than happy performances in London last year it's good to be able to report that the Lindsay were in fine, highly intelligent form. Mr. Brunner is an unfussy, light-toned player and the detailed preparation of these performances was unfailingly impressive, with finely tuned nuances leading the listener into and through the music.

Occasionally the concern of the leader Peter Cropper for maximum expressive weight in the string quintet led to some extravagant gestures, to phrasing that at first seemed luscious and beautiful but in the context of such a fluid account seemed oversized. Sometimes also weight of tone was wanting, apparently deliberately withheld. For once, though, the finale was perfectly judged: the brittle over-excitement that Mr. Cropper affected seemed an uncommonly satisfying solution to the problem of following the movement's sorrowful introduction with an apparently light-hearted Allegro — shallowness and obviously empty high spirits underline rather than dissipate the tragedy.

Dance in 1980

by CLEMENT CRISP

1980 was an uneven year with more downs than ups to it in matters of dancing and choreography. But it was, hearteningly, the year in which television did its grandest service yet in showing the extreme variety of dance to anyone caring to watch. Leading the field, inevitably, the BBC—fourth channel planners please note a responsibility here to emulate, and expand coverage—whose Dance Month in June was crowded with 21 programmes

Good and important things were the recording of Peter Schaufuss' *La Sylphide* for London Festival Ballet, with its central trio of Evdokimova, Schaufuss and Niels Bjorn Larsen, a debt paid to posterity by Derek Bailey's fine direction; so, too, though I speak as shouldn't because of involvement in the series, were Dame Alicia Markova's masterclasses, excellently recorded by Keith Cheetham, who also provided a touching view of David Gayle's admirable Yorkshire Ballet Seminars in *First Steps*. The Kirov *Raymonda* was an object lesson in classic style—Kolpakova sublime—redeeming a lunatic plot; *No Maps on my Taps*, George Nieremberg's loving survey of black American tap-dancers bore happy fruit in the later appearance of Chuck Green and Sandman Sims at Riverside Studios.

The BBC then produced another mini-series, six ballets taken from various European networks, with an exceptional *Rite of Spring from Pina Bausch* and the Wuppertal dance company, and ended a wonderfully imaginative year of dance programmes with the Baryshnikov *Nutcracker* (dreary direction, superb dancing from Kirkland and Baryshnikov), the Sadler's Wells Royal Ballet's *Coppélia* and the Scottish Ballet's *Napoli*

The Independent companies did little, their honour saved by Thames TV having the wit and the funds to capture for posterity Makarova and Dowell in the Royal Ballet *Swan Lake*, an enterprise faultlessly brought off and magnificently worthwhile.

Television is a vital factor in developing a dance audience: Dance Month's combination of great performers, great works, great teaching, with the less usual and the unexpectedly delightful (*No Maps on my Taps* a prime example) did far more to suggest the much-touted "dance explosion" than the activities of small contemporary ensembles. The Dance Umbrella season in January and February revealed how variable are standards, and how in-bred much of our contemporary dance. Danny Grossman's Canadian company was the brightest event in the Umbrella schedule: I shall not forget, or forgive, Pauline de Groot and her two female accomplices from Holland.

Among established companies the most stimulating work came from Sadler's Wells Royal Ballet, which showed off its two talented young choreographers, David Bintley and Michael Corder, and acquired a classic gem in Samsova's production of *Paquita*. SWRB sustained an Opera House season as well as two visits to its home theatre, toured the Far East in triumph, mounted a lively version of *Taming of the Shrew*, and only put its foot wrong—for me, though not for its eager audience—by staging the crass *Papillon*.

For the Royal Ballet the year brought a mixed bag of acquisitions: MacMillan's elegiac *Gloria* was joined by his taut *My Brother, My Sisters*, from Stuttgart; Bintley made *Adieu*, which did not convince me as did his two other creations for SWRB: Robert North's *Troy Game* was for those who understand male dancing as macho posturing; Glen Tetley's predictable *Dances of Albion* was danced with exceptional bravura by Stephen Jefferies (whose year this was, his every interpretation marked by integrity and theatrical fire) and a strong young cast. The decision to mount *Dark Elegies*, in glum Swedish designs, seemed odd in the light of Ballet Rambert's loving and persuasive revival of this ancestral piece under Sally Gimour's supervision.

Norman Morrice's undramatic revision of *Giselle* was a victim of hideous first act designs, but it was to find in Jennifer Penney an interesting débutante Giselle: Penney's dancing throughout the year — in *Gloria*; *Manon*; *Cinderella*; *My Brother, My Sisters* — was exemplary. For its summer season, the company decided to invite guests, a move welcomed by the public, and surely advantageous to dancers as to audiences, who have the chance to see outstanding artists — an essential reminder of standards, and a specific against provincialism.

Makarova, with Anthony Dowell who commuted between London and American Ballet Theatre, justified the *Giselle*, illuminated *Swan Lake*, and made a moving first appearance in *A Month in the Country*. Baryshnikov made a single appearance as Romeo, and was given Ashton's new *Rhapsody*, which found our master choreographer in ecstatic mood. Baryshnikov was brilliantly partnered by Lesley Collier, who also shone in *Dances of Albion* and in her traditional repertory. Gelsey Kirkland was a Juliet of finely judged dramatics and exquisite dancing, and made an imponderable and lovely Titania in a fragment from *The Dream*. Richard Cragun and Birgit Keil made every nuance of *My Brother, My Sisters* clear to us; later in the year Galina Samsova, despite an injured foot, showed unforced grandeur and eloquence in *Swan Lake*.

Of resident artists, David Wall asserted in every role his seriousness and the noble distinction of his artistry; the tragic hero of *Mayerling* was also a tragic hero in *Giselle*; Monica Mason, as Swan Queen and Firebird, gave interpretations of rare authority; in *Gloria* and *Manon*, Wayne Eagling shone particularly, intense in mood and technique.

The year ended with promise for the future in the debut of Pippa Wylde as a dignified, elegant Odette/Odile, and in the flashing brio of Fiona Chadwick who took to The Firebird as if born for the role. (The Royal Ballet School also showed us, in Alessandra Ferri, a young Italian graduate of lovely potential.)

Black news of the year was London Festival Ballet's deficit of £103,000. In part due, as the chairman of Festival's Board noted, to "the fact that visiting a theatre is a luxury which, on many people's scale of priorities, must be one of the first to be reduced or abandoned altogether," it was also attributable to the VAT surcharge which means that more than one quarter of Festival's Government subsidy is returned whence it came.

Nevertheless, the company staged new ballets by Barry Moreland, Geoffrey Cauley, Glen Tetley and Michael Pink, and offered distinguished performances from Evdokimova, Elisabetta Terabust, Patricia Ruanne, Jay Jolley, Patrice Bart, Peter Schaufuss, Mats Skoog, Nicholas Johnson, among others, and once again joined Rudolf Nureyev in his annual marathon at the Coliseum.

Nureyev also brought the Zurich Ballet to London to show off his lively *Don Quixote*. Far less lively was a second Zurich programme optimistically called "Homage to Balanchine." For "homage" read "damage," said the wits, and only Nureyev's appearance in *Le Bourgeois Gentilhomme*—witty, crackling with energy—made any sense at all.

The search for new choreographers found Rambert, London Contemporary Dance and the Royal Ballet giving evenings of apprentice work at Riverside Studios. Among troupes to whom we look for fresh creativity, Ballet Rambert was impressive, with Richard Alston's *Bell High* and *Rainbow Ripples* showing the company in excellent form (Rambert also provided the best design in British ballet, thanks to artists like Peter Mumford, Pamela Marre and David Buckland). London Contemporary Dance Theatre seemed to me below par during its London season, with none of its new works breaking fresh ground. A regrouping of the company's forces announced for the New Year offers hope for the future.

Of regional companies, Scottish Ballet came up with a dull *Chéri* for the Edinburgh Festival, and Northern Ballet Theatre played the Wells with a soggy repertory whose only bite came from Paula Hinton's fervour in Walter Gore's *Eaters of Darkness*. But NBT ended the year in a blaze of glory with André Prokovsky's traditional and sensitive *Nutcracker*, which the company danced well.

Among visitors to London, the Irish Ballet brought a fiercely home-spun *Playboy of the Western World*, and the Royal Ballet of Flanders a desperate collection of ballets. Erick Hawkins, the Dance Theatre of Harlem, Merce Cunningham, represented something of the richness of American dance, with Cunningham's mastery shining like a very good coreographic deed in the naughty world of the British contemporary style. Béjart's Ballet du XXième Siècle came to the Coliseum for a week of fine dancing and rodomontade: from India, Mrinalini Sarabhai was as thrilling as ever.

In the big world outside, the outstanding events I recorded for these columns were Makarova's full-length *Bayadère* for American Ballet Theatre, a thrilling re-creation of an old ballet, thrillingly designed by Pierluigi Samaritani, and the performances by New York City Ballet in Paris and on its home ground. Here were dancing and choreography ideally matched in beauty, classic harmony, and richness of utterance. Hans van Manen's *Live* for the Dutch National Ballet — a combination of two dancers, and a camera-man armed with a video machine—was brilliantly imaginative. When will British choreographers think in such adventurous terms?

New Joint Stock production at Riverside

Joint Stock Theatre Group's latest production *Say Your Prayers*, a new musical play by Nick Darke and directed by Richard Wilson, will be staged at Riverside Studios, Hammersmith, from February 3-28 following a short regional tour.

Performances at Riverside will be at 7.30 pm Tuesdays to Sundays.

The cast includes Philip Donaghy, Judy Elrington, Elizabeth Estensen, Patrick Field, Robert Hickson, Richard Howard and Shona Morris; music is by Andrew Dickson and design by Peter Hartwell.

Hallé to visit Hong Kong and Australia

On January 22 the Hallé Orchestra and principal conductor James Loughran set out from Manchester Airport to begin the longest ever Hallé tour. The orchestra will give ten concerts at the Hong Kong Festival and then travel to Australia where they will give a further eight concerts.

They return home on February 24 and will give a "Welcome Home" concert at the Free Trade Hall on Thursday, February 26.

SOCCER by TREVOR BAILEY

Cup survivors cling on for cash

THERE IS something special about the third round of the FA Cup, when the survivors from the previous rounds are joined by the elite from the first and second divisions. A large percentage of the 64 clubs who did battle on Saturday have, of course, no real chance of reaching Wembley, but for at least half it represents their last chance this season to gain much-needed extra cash, make the headlines and satisfy their supporters.

This was typified by the meeting between Colchester United and Watford. The little Third Division Essex club are in the middle of the table, too far behind to be thinking in terms of promotion and too strong to have to worry about relegation. With home gates for league matches usually less than a miserable 3,000, a Cup run, something for which they have rightly acquired a reputation, was exactly the tonic they required.

They certainly did enough to be worthy of a replay against their Second Division opponents, who probably deserved their 1—0 lead at the interval but were fortunate to survive a prolonged siege throughout the second half.

There is much to admire about Colchester, who by sensible housekeeping remain solvent despite inadequate support through the turnstiles. Bobby Roberts their manager, is to be congratulated on making the most of the talent at his disposal, for a home record in which they have remained undefeated in the league since last March, and for the outstanding fitness and character of his team. This is reflected in the number of occasions they have come back from behind in the final stages, though not, alas, this time.

With only limited cash available, Roberts has rightly retained a number of players, like Walker, Cook, Packer and Leslie, who have been with the club for many years. This policy helps to explain the spirit which exists, while Bremner, the most *impressive* of his three lead forwards, has skill, thrust and determination and looked a genuine bargain until slowed down by a knock.

The one criticism which could be levelled at Colchester was that their onslaught in the second half ran out of ideas, *though never effort*. This was largely due to the three-man spearhead and the three halves tending to attack on an insufficiently broad front, which led to bunching and made the task of a not very impressive visitors' defence easier than it might otherwise have been.

Watford, after years spent mainly loitering in the Third and Fourth Divisions, escaped into the Second two seasons ago. For this they owe a considerable debt to the financial backing and enthusiasm of Elton John, their exotic chairman, who has appointed a well above average managerial team consisting of Graham Taylor as manager, Bertie Mee, assistant manager, Eddie Plumley as chief executive and company secretary, and Ron Rollitt, general secretary.

The club appear to have a good enough side to avoid relegation, but on the evidence of this match do not possess the class to go higher, or to win the Cup. On the other hand, a Cup campaign like last year's, which eventually ended in the sixth round, would provide an enormous boost to money and morale.

There must, however, be *something of a question mark* against some of their recent purchases. Pat Rice, who gave Arsenal such fine service, looks to have lost some of his pace

The Watford front line is led by the cultured Blissett and the powerful Armstrong, recently acquired from Spurs, with the clever Poskett — who scored the vital goal — causing problems with his speedy dribbles down the left wing, and the 18-year-old Callaghan on the right.

Although this was far from a classic Cup tie, the commitment from both teams was splendid, there was a merciful absence of passing back to the keeper and square possession passes by the defenders (an increasing disease in so many First Division games) and the refereeing by Mr. Martin permitted the football to flow.

The one consolation for Colchester was that the 7,769 gate, of which a good percentage came from Watford, was easily the largest of the season, making one wonder how more than 19,000 could possibly have once been accommodated for an FA Cup tie back in 1948.

RUGBY by PETER ROBBINS

New caps for Cardiff will be few

THE ENGLAND team to meet *Wales on January 17 is to be* announced this morning. After a spirited trial in which the shadow England side beat the Rest 37—13, few surprises are anticipated. This first game is the most important one for both countries: for England because the match is at Cardiff and comes at the most difficult stage in their attempt to retain the Triple Crown: for Wales the venue has equal significance and it is their centenary year.

Selection becomes increasingly difficult but there are certain basic criteria to consider —present form as opposed to known form, fitness, the strength of the opposition, the style of play expected from a player and the team, and that vital ingredient, experience. Nowhere is it truer than at Cardiff that each player should execute the basic skills of handling, catching, kicking and tackling.

It sounds all too easy to talk about these skills, which all players have, but what separates the international from the club player is the ability to perform these skills at speed and under pressure.

That ability grows as experience is gained, and is the one factor vital at Cardiff. Conversely, of course, there is the danger that experience brings complacency and rugby by rote. There has been an element of this in last year's Welsh team which, I have no doubt, will be absent on the day.

So after all the trials of the divisional matches the evidence is before the selectors. I would imagine first that they will want to play the same basic sort of game as last year but with more emphasis on moving the ball. New Zealand tore the Welsh apart by running but they had the benefit of tour fitness to help them in this policy.

The major areas for discussion are bound to have been the back row, fly half and full back. Scott, now much leaner, is more competent than he was and, like Cheeseman, has had wide experience of playing in Wales. His defensive reactions are still not the quickest. There are two candidates for the blind side position—Cook of Nottingham and Moss from Orrell. Smith scored a try on the short side which may have put paid to Moss's chances though I believe he is a better all-round footballer than Cook.

Rafter, Allchurch and Cooke are the clear options for the job of the quick destroyer and chaser. Allchurch again had a good game and is superbly fit. Rafter plays a similar sort of game but with more experience but both are small and this is where Cooke, the Harlequin, has a distinct advantage. He went off at half time but had done plenty of tackling, support and ferreting to earn the vote. My reason says Rafter, my instinct Cooke.

Horton has clearl recovered from his hamstring injury and played a typical Horton game, a mixture of pleasure and despair. Huw Davies kicked with more precision and counter-attacked intelligently as well as bringing off one thundering tackle on Swift. By contrast Horton let Mogg go and at Cardiff such lack of commitment will be fatal. Horton is very likely to play but I would lay odds on Davies being capped before the end of the season.

Last year Hare was the toast of England after he had kicked the three penalty goals which beat Wales. This season he has had a bad ankle injury and been out of action for some while. The place kicking is another vital area at Cardiff and Rose managed the huge conversion of his own try against the wind. He also just missed downwind from long range and, with Hare having much less success, a surprise in the team could be the selection of Rose. If this is the case the selectors will be taking a calculated risk but I think it is worth taking.

There could thus be three new caps, because the rest of the Grand Slam side pick themselves — not just automatically but by absolute merit. That said, there were excellent performances from several players on the junior side and at last Swift was able to show his pace and skills in taking Carleton's place in the Engand side. Holdstock was again impressive and inside both Palmer and Preston functioned smoothly.

Once more Simpson of Sale showed his pace and skills round the field and England are fortunate to have him in reserve to Wheeler. Bainbridge makes steady progress but the most likely definite reserve for the 17th will be Cheeseman who could well be regretting his decision not to be considered as a flanker.

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Israel's need for security

DR. HENRY KISSINGER is back taking soundings in the Middle East. President-elect Reagan has chosen his team which will take office in three weeks. Mr. Shimon Peres seems set fair to become Israel's next Prime Minister and the current Israeli Cabinet has been persuaded not to support a highly provocative piece of legislation that would annex Syria's Golan Heights. The sum of these events might not add up to very much in the Middle East, where too often reasonable men are denied hope, but at least there is the hint of movement in a situation which has become dangerously sterile.

The Camp David accords between Egypt, Israel and the U.S. have been only half a success, which, measured against the main objective set by the signatories, means they have been a failure. Mr. Carter and Mr. Sadat have always insisted that the Egyptian-Israeli peace treaty was not a goal in itself but was an element in the greater design — a comprehensive Middle East settlement which would provide a just solution for the Palestinian people.

Historic view

Mr. Sadat has scrupulously adhered to the terms of the treaty although his every proposal for the occupied West Bank and Gaza Strip has floundered on the rock of Mr. Menahem Begin's determination to prevent any agreement that in his interpretation might eventually open the way to the formation of a Palestinian state. Worse still, Israel's policy of building more settlements in the occupied territories and taking more land from the Arab residents has borne witness to Mr. Begin's historic view that the biblical region of Judea and Samaria (the West Bank) should forever be a part of Israel.

The results have been predictable. The level of violence in the occupied territories has increased alarmingly, moderate Palestinians have been forced into militancy. Arab states sympathetic to the West have distanced themselves from Camp David, Mr. Sadat's chances of effecting some small reconciliation with his Arab brothers have diminished and the United States has lost influence throughout the region.

Many of Israel's friends are alarmed about the effect this is having on the cohesion and future viability of the Jewish state. Their anxieties are twofold. First they ask whether three million Jews can really envisage keeping under permanent subjugation over one million embittered Arabs, and second, whether the economic and military aid needed to support such a policy will be forthcoming in perpetuity from the United States whose own self-interests in the region may undergo some reassessment.

Mr. Reagan, like Mr. Carter, will have two prime Middle Eastern objectives: to secure oil supplies to the West and to combat Soviet attempts to extend its influence in the region. He has already indicated that he will not abandon the Camp David achievements and has suggested that he will try to bring Jordan into the negotiations. However, this so-called Jordanian option does not exist until King Hussein can be persuaded that Israel is willing to negotiate a military withdrawal from the West Bank.

Stability

For all parties the need for some movement is imperative. Israel is beset by internal problems, both political and economic. It has lost a great deal of ground in terms of world public opinion and is proving less attractive to Jewish emigrants from Eastern Europe. Arab regimes, more divided among themselves than ever, often fearful for their own domestic stability, and put under pressure by the superpowers, would in the majority be willing to recognise Israel in return for military withdrawal from the occupied territories. For the West in general and the U.S. in particular there is a strong vested interest in maintaining stability in those countries and this is surely better achieved through political and diplomatic efforts than through a military build-up.

The American Rapid Deployment Force may one day be needed in the Middle East. But because it could well prove more inflammatory than calming it is hoped that Mr. Reagan will see it as a last resort rather than a major arm of current policy.

Perhaps the most fruitful area for investigation by Mr. Reagan and the European Community as a new year begins would be Israel's security needs. If ever Israel would be willing to define what it means by security — and it has to admit that interdependence is a critical element — then it should not be beyond the wit of the West to find a formula, which though inevitably introducing new risks would do justice by the Palestinians and provide the Arab world with a boost to its self-confidence. And that could also probably be the best safeguard against Soviet encroachment.

Incentives for new ventures

THE UK accountancy bodies are not convinced that enough has yet been done to make finance accessible to small businesses. These bodies, whose members are probably closer to small businessmen than bankers or any other financial or professional group, have now put forward two main proposals to the Government. They are calling for a major new tax incentive to encourage private investors to take equity in small firms; they also want to see an experimental loan guarantee scheme backed by the Government.

Uphill battle

The accountants recognise that much has been done in the past three years to improve the relative business climate for small firms in the U.K. Significant tax reliefs have been introduced, bureaucracy has been curtailed, and the banks have responded by offering more attractive loan schemes and in some cases equity investment.

Despite all this it remains true that people wishing to start and expand their own businesses face an uphill battle in many instances. Their greatest problem is generally accessibility to appropriate finance.

It may well be true, as the banks say, that there is no shortage of finance for viable propositions. But most of this finance is in the form of borrowing which, at current or even more normal interest rates, can be enough to deter many a new venture.

The problem for the new entrepreneur lies to a large extent in finding enough equity capital to place his new business on a sound financial footing. Of course he can turn to ICFC, which has an excellent track record in making unquoted equity investments, or to a clearing bank like the Midland which has put a lot of effort into this area in the past two years. But his position in dealing with all such organisations is much improved if he can show substantial commitment to the project through his own and his friends' resources.

This is why the accountancy bodies' proposal for a new form of tax relief for private investors in small businesses deserves urgent consideration. Essentially they are suggesting an annual tax allowance equivalent to 100 per cent of equity investment in unquoted companies, for private individuals other than the businessman himself.

Such a tax incentive would almost certainly have a much greater impact than any of the small firm tax reliefs so far introduced. This is because the tax changes legislated so far have resulted in giving relief for losses either in initial years of trading or in the event of the eventual failure of small unquoted companies. Their emphasis has therefore been negative to some extent.

Major factor

The revenue consequences of any new form of fiscal relief are bound to be a major factor in Government deliberations. The accountants admit that the loss of revenue following implementation of their proposal might be significant. For this reason any scheme would need to be framed within realistic limits with safeguards to prevent abuse through elaborate tax avoidance schemes.

The suggestion for a Government-backed loan guarantee scheme has been around for some time. For the most part the clearing banks have remained cool about the idea, while publicly stating that they would consider any detailed proposal from the Government with sympathy. The time has now come for the Government to take a decision, bearing in mind the Wilson Committee's support for an experimental scheme. Ministers may well be influenced by the fact that the accountancy bodies are less concerned about this idea than the tax relief scheme. In this they seem to have the support of the Confederation of British Industry.

RACIAL TENSION IN THE U.S.

Reagan's black tinder-box

By David Buchan in Washington

BLACK AMERICA is growing anxious that the clock may be turning back on 15 years of hard-won gains. It fears neglect, if not retaliation, from President Reagan for being the one voting bloc to stick to the sinking Carter ship. It hears conservative Republicans promise to use their new power on Capitol Hill to roll back some civil rights measures of the 1960s. It sees the economy dipping again into recession, which hits blacks earlier, longer and more directly than whites, while the welfare safety net under it may shrink.

Much of white America, overlapping with the big majority that voted Mr. Reagan into office, is heedless or bored with such anxieties. They may not be so for long.

Racial violence has built up in the last year to flash-point. there has been a noticeable rash of street crime by blacks in Washington though this in part stems from the drug addicts' need for cash. Far more ominous, because more racially motivated, have been the attacks on blacks in a dozen cities around the country, with two particularly nasty cases of six blacks killed in Buffalo and at least 11 black children murdered in Atlanta, and, coincident or not, a resurgence in Ku Klux Klan activities.

The Klan is evidently undergoing one of those periodic revivals in its 115-year history. While below its previous high points, some estimates put the number of its cross-burning and hooded activists at around 10,000 now, with perhaps another 100,000 lay sympathisers.

The usual spark for a race riot is police abuse of some kind, and there is plenty of dry tinder around. The Justice Department handles about 12,000 complaints against police forces a year, though of course not all of them are filed by blacks against whites. Acquittal by an all-white state jury of white policemen charged with beating a black to death set off last May's rampage in Miami, and that riot was a reminder, if one were needed, of the awesome capacity of American blacks to bring down the temple in their despair or rage.

A bizarre sequel to that shows how tense U.S. race relations remain. Last month another white policeman from Miami was acquitted on Federal charges concerning his role in the Miami black's death. This time there was only some sporadic stone and bottle throwing by Miami blacks.

But the extraordinary feature was how the site of his trial had to be shuttlecocked across the South — with Atlanta, New Orleans, Dallas and Houston all claiming they could not guarantee a riot-free trial — finally to land in distant San Antonio, which has few blacks.

A perennial problem is the trial of "race" cases before all-white juries—sometimes the result of legal rigging, but most frequently a reflection of the fact that the largest pool of willing jurors are white housewives or pensioners. In any event, it was just such a panel that acquitted a group of KKK and Nazi Party followers of killing some white and black members of the Communist Party in North Carolina, making the verdict smack of racial bias.

"There's an unusual amount of hysteria in the black community," says Mr. Vernon Jordan, the National Urban League president and himself the target of an assassination attempt last year. Another black leader, Dr. Mary Berry, vice-chairman of the Civil Rights Commission, warns of the need for the incoming Reagan Administration to "set the tone for the country that there is to be no 'open season' on blacks."

What, then, has gone wrong? Or was it just an illusion that the 1960s ushered in an era of relative racial peace and substantial black political and economic progress?

Certainly, minorities in, say, Britain could regard as tremendous the strides many blacks have made in the U.S.—moving into two-car suburban life, middle reaches of corporate America and nearly 5,000 elective offices, 18 of them in the House of Representatives. A black on the Supreme Court and at least one in the Cabinet is probably now established practice, and something that Mr. Reagan, who has nominated Mr. Samuel Pierce, a black lawyer from New York, as Housing Secretary, has been unwilling to change. If one sought a symbol of at least part of the white establishment's racial change of heart, it might be the sight of Senator Robert Byrd, once a KKK organiser and Democratic Majority Leader in the outgoing Congress, now fighting for tougher anti-discrimination laws in housing.

> The growing incidence of racial violence in the U.S. is striking evidence that American blacks are increasingly worried about their position in society. Recession hits blacks earlier, longer and more directly than whites: after 15 years of hard-won gains blacks fear that under a Reagan Administration they could lose ground.

But middle-class blacks, best defined as the 25 per cent who earn over $18,000 a year, feel their gains precarious—"only a paycheck or two from poverty." They also see their political base as insecure. While black appointments have followed fast behind election of black mayors to such major cities as Atlanta, Los Angeles, Washington, Newark and New Orleans, blacks still hold only 1 per cent of all elective offices in the country, compared to their 11-12 per cent of the population.

This is partly the result of increasing black voter apathy. But what political gains blacks have made are the fruit of the 1965 Voting Rights Act, aimed at preventing blacks being gerrymandered out of the political system. Senator Strom Thurmond, who has been nominated the Republican chairman of the Judiciary Committee, wants to scrap that Act when it comes up for renewal in 1982.

Precarious or not, middle-class black progress is often taken as evidence that the 1970s improved the status and economic standing of America's 26m blacks. Any cursory tour of inner-city ghettoes shows that is not so, and a couple of statistics prove the point. The median income of all black families in 1978 was $10,880, compared with $18,370 for whites, and the income gap actually *grew* during the decade.

It is well known that black unemployment usually runs above white, if only because being hired last, blacks are laid off first in any economic downturn. But the truly appalling statistic, which still carries every potential for trouble, is that the proportion of black teenagers without jobs broke the 30 per cent ceiling as early as 1971 and has stayed there ever since.

The creation of a gulf in the black community between its middle-class leaders and its ghetto under-class is one reason why the latter are increasingly disinclined to go to the polls—the absence of a single charismatic standard-bearer since Martin Luther King is another. It has also raised the interesting question of whether class is not now more important than race or skin colour to the black's position in American society.

While it is true that blacks came out of slavery with little money or education and few skills, why are later immigrant groups, such as Mexican-Hispanics, doing better with not much less of a handicap? Perhaps the worst legacy of slavery was the damage it did to the family. This appears to perpetuate—more than 100 years later—a degree of instability that most whites find extraordinary.

Forty per cent of American black families are headed today by a single female parent, and an even bigger percentage of black children are born out of wedlock. To some extent, this reflects a naturally more relaxed cultural trait, but one hard to mesh in with white America.

External factors are easier to point to. An insidious residue of discrimination remains. Blacks have done pretty well in moving into a fair number of decently-paid blue-collar jobs, partly because, as Mr. Drew Days, a black who is currently assistant Attorney-General for Civil Rights, says, discrimination is easy to prove when "all you want is a high school graduate with a strong back." Higher up the corporate ladder and in the professions the picture is less good, he says, and progress on black promotion, as opposed to initial hiring, is murkier still.

Blacks have felt rising job competition from other minorities. The Cuban influx was an aggravating factor in the Miami riot. Black women—a "double minority" in employment terms—have done better than men, sometimes because companies find it convenient to hire them to count them twice over in minority hiring reports to the Government.

In a stagnant economy, job quotas for minorities have become a very sore point with whites, who feel blacks are getting an unfair break. It is also an issue on which blacks have parted company with their old Jewish civil rights allies. Last year, however, the courts generally upheld quotas against whites alleging reverse discrimination.

Employment is the one area where all blacks want the fullest integration. By contrast, many blacks are all for segregation in church, and legally so, due to the constitutional Freedom of Worship clause. Indeed, the most segregated hour in America is 11 am on a Sunday. But, to get a good job, you need a good education and that, in the public school system, depends on where you live. The better schools and houses tend to be in the white areas.

Probably nothing has more sustained racial ill-will than the issue of "busing" — the transport of children across school district lines as a court-ordered remedy to get a more even racial mix among pupils. But the days of "forced busing" may be numbered, and not just because its opponents, Mr. Reagan and Congressional conservatives, have come to power.

A decade of busing has evidently not done what it set out to do. There are now 60 per cent of black children in schools with a roughly even black-white balance, compared to 70 per cent 10 years ago. Whites have cried loudest against busing — for the worst reasons, blacks believe: "It's not the bus, it's us." But many black parents dislike it, too—because their offspring have to travel further and have a hard time adjusting when they get there.

Were it not for its impact on education, racially separate housing would matter less. But there are still black house buyers who complain they are herded willy-nilly into black areas, and Mr. Days says penalties for this remain weak unless the 1968 Housing Act is strengthened (a liberal effort to do just this failed in Congress earlier this month). Two quite common practices by estate agents are "steering" —pointing black buyers towards black areas—or if that fails, "blockbusting"—suggesting to white householders with some blacks on their block that they might like to move elsewhere.

But it is mainstream economic issues that increasingly preoccupy black leaders. "The irony," says one, "is that just as blacks are trying to get a larger piece of the economic pie, the pie starts shrinking."

Mr. Reagan's macro-economic prescriptions have not exactly overjoyed blacks, who see his tax relief going to whites and the brunt of his intended budget cuts falling on them. But some see merit in new Reaganite answers to old problems: "enterprise zones" to woo business back to depressed cities, and negative income tax, bringing together welfare payments in one lump sum.

Mr. Reagan should be given "the benefit of the doubt" to prove he can be a President of all the people, says Mr. Jordan, of the Urban League. For blacks, that means a sensitivity to their economic needs, a rein on his right wing troops to keep their hands off civil rights laws, and a clear sign from on high that racial violence will not be tolerated.

A black policeman stands guard in Montgomery, Alabama, during a Ku Klux Klan march

MEN AND MATTERS

New connection for Geneen

Exactly one year after he finally tore himself away from the chairmanship of International Telephone and Telegraph, Harold Sydney Geneen is back in business. While that should not in itself surprise the many who doubted that his ruthlessly-ordered mind would be happy grappling with anything other than the problems of big bucks, the manner of his coming may raise a few eyebrows.

For the 70-year-old Bournemouth-born mogul is heading a group of private investors bidding $376m for Cannon Mills, the largest maker of towels and bed-linen in the U.S. An unlikely choice, it might be thought, for a man who made his unparallelled reputation in the worlds of high technology and international finance. But nobody is rushing to the conclusion that Geneen may now be a little shorter on acumen.

Rather the opposite. For even though textile industry problems will halve Cannon Mills profits this year, Wall Street analysts claim to see in the company what qualifies in their nomenclature as "a turnaround-type situation."

While ITT's controversial power-plays made Geneen at times the most famous — and to some infamous — industrialist in the world, he can make a fine art of lying low. He declines discussion on whether he will run Cannon Mills himself, and where the money comes from.

As far as cash is concerned, his ITT years should have left him with a cent or two to rub together. He earned $1.2m in his last year, receives a pension of several hundred thousand dollars, and holds a consultancy agreement worth $1.7m by 1985. But the word on Wall Street is that his own bank account may have had to take little of the strain of the new venture. Once described as "omnipotent and omnipresent" at ITT, Geneen has enough good friends in the banking world to tap for the money and advice he may need.

"Well it looks like a good year for us!"

Over and out

The "lame duck" phase of Jimmy Carter's Presidency has, I understand, led to more than a few ruffled feathers among his diplomatic corps. Ronald Reagan's transitional team is not proving over-friendly towards the outgoing president's political appointees, and its *froideur* is likely to be felt particularly keenly today by Julian Nava, the U.S. Ambassador to Mexico.

With a fortnight to go before he takes office, Reagan begins his first formal talks with a foreign leader, President Lopez Portillo. The Republican team has already tried to exclude Nava from the talks. Now, they have in deference to protocol conceded his presence in Ciudad Juarez, the Mexican border town where the meeting takes place.

A "senior U.S. career diplomat" (as the obligatory identity-cloaking formula goes) tells my man on the spot that "we don't know whether Mr. Nava is attending the talks. If he isn't, it wouldn't be surprising since he is a political appointment." But the word among Mexican officials is that a curious and hardly dignified compromise has been reached. Nava will be there, but he will have to observe the Great Men's talk by peering through a window.

Nava was appointed by Carter a year ago, and is not the first of yesterday's men to be snubbed. In December, the U.S. ambassadors to Nicaragua and El Salvador publicly attacked the Reagan transition team for undermining their authority, after their names appeared on a Washington "hit list" leaked to the Press.

Nava's name was not on that list—which may have given him some hope for a prolongation of his posting. Plucked from an obscure academic post, he is known to prefer the grandeur of diplomacy to the more modest life of a history professor. He makes no secret of his belief that he could serve a Reagan administration as ably as a Carter one, though it remains to be seen whether his experience today leads to any second thoughts.

Managerial class

"Business and society" courses, which teach managers how to adapt their work to social and political change, are central to the curricula of most major U.S. business schools, but a relatively new subject in their British counterparts. Now, Henley's Administrative Staff College has appointed 35-year-old Keith MacMillan its Professor of Management Studies, to counsel its students that, in MacMillan's words, "business is a social activity as well as an economic one."

MacMillan's argument is that "business involves and affects people—employees, customers, suppliers, investors, local residents—even public servants and politicians. These people can either help or hinder a business, make it successful or disrupt it to the point of failure. Therefore these relationships need to be managed professionally."

Managers need fear no fifth-columnist. MacMillan is, he tells me, firmly on their side. But he believes that both companies and government should be more open with information about issues such as industrial pollution which trouble them. In many cases, he feels, "managers are frightened to come out and tell the world what they are doing." Stronger individual corporate voices would, he says, counterbalance the tendency of business associations to produce a "lowest common denominator" amalgam of their members' views.

MacMillan comes to the job with degrees in economics, education, and a doctorate in business studies. His independent consultancy work has taken in spells with Lucas and BSC, and he joined Henley to run a Masters Programme working with corporations worldwide to develop their most able managers. "It all comes back," he reflects, "to a belief in people, not just money."

Smutty

A reader tells me how, after a chance meeting with a friend in a City street, the two adjourned for a beer to a nearby but rather unprepossessing pub. "I'll have a pint," said one of them to the barman. "The same for me," added the other, "and make sure the glass is clean." A minute later, the barman brought the drinks. "Two pints," he said. "And which one of you wanted the clean glass?"

Observer

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5th January 1981

(هكذا من الأصل)

FINANCIAL TIMES SURVEY
Monday January 5 1981

Vehicle Fleet Management

Although car and truck manufacturers have been hit hard by difficult trading conditions in the UK, the fleet operators — who account for 70 per cent of vehicle purchases — have gained from a range of cut-price offers and favourable terms offered by the vehicle salesmen.

Rising interest in contract hire

By Lynton McLain
Transport Correspondent

THE TOUGH trading conditions that dominated British industry last year affected almost every sector of the industry which supplies cars and commercial vehicles for corporate fleets. At the same time, however, increased competition led to an unusually high level of innovation by the specialist traders seeking new ways of promoting sales.

Manufacturers suffered most in the sliding scale of hardship the whole industry suffered over the period. But fleet operators, who account for 70 per cent of sales, gained from the range of cut-price offers and favourable terms offered by fleet car and commercial vehicle salesmen.

Those companies which decided their own trading circumstances were insufficiently favourable to justify many purchases last year may find, however, that they have merely stored up problems for the future by retaining fleets for longer than commercially prudent.

The worst of the recession has been felt in particular by UK manufacturers of commercial vehicles. They suffered a dramatic reversal of fortunes compared with the boom in sales of 1979. Car manufacturers fared a little better but still experienced a sharp decline in sales.

Demand in the first 11 months of 1980 slumped by 21.5 per cent for commercial vehicles in the category over 3.5 tonnes gross laden weight compared with the corresponding period of 1979. The total number of vehicles in this category sold in the 11 months was 58,496, of which Ford accounted for just under 24 per cent of the market. This overall total was well below the 66,450 vehicles over 3.5 tonnes sold in 1978, itself not a good year for sales.

Sales of all types of commercial vehicles together—light vans, trucks and heavy lorries—will certainly fall well short of the 300,000 vehicles sold in 1979, when sales jumped by 17 per cent over the first 11 months compared with the corresponding period of 1978.

Part of the reason for the high demand in 1979 was the rising success of contract hire services to industry in the commercal vehicle field. Long term contract hire gave industrial companies haulage capacity without the problems of outright purchase.

Alternatives

Shorter term truck rental also boomed in 1979. In addition manufacturers across industry generally made greater use of their own transport resources—the so-called "own-account" sector—and re-examined ways of not relying on the "hire and reward" public haulage sector.

Industry remembered that at the start of 1979 a strike by drivers of the Transport and General Workers Union employed by member companies of the Road Haulage Association (RHA) crippled much of productive capacity.

Evidence that even before the strike manufacturing industry had started to spurn the services of the hire and reward public haulage companies came with Government figures published just before the strike started.

These showed that for the first time since 1971 own-account operators carried more goods by road than the public haulage contractors.

The rising tide of own-account operators may have been a passing phenomenon, as the margin by which they exceeded the activities of the haulage contractors was tiny, with the own account operators taking just 50.7 per cent of the total of 1.49 bn tonnes of goods transported by road.

Industry's rising interest in the benefits of contract hire and other forms of indirect vehicle acquisition gave an added boost to sales in the boom year of 1979. However, sales went mainly to large manufacturing companies with nationwide distribution arrangements, while the public haulage companies in the main opted for either direct outright purchase or no purchase at all.

This year few of the sales of commercial vehicles have gone to the small public haulage contractor. These "hire and reward" companies have suffered severely under the recession, as the market for their services has declined steadily.

The RHA which represents 15,000 haulage companies — about a third of all public hauliers, with a total fleet of around 180,000 vehicles before the onset of the recession — estimated late last year that demand for haulage services had fallen by a quarter compared with a year ago.

Savage rate-cutting resulted and compaines were forced to lay up vehicles, with perhaps as much as 15 per cent of the pre-recession total now off the road for lack of work. In the worst cases companies went bankrupt. All of this had been predicted well before 1980 started, and had affected the sales figures to the public haulage sector, both for 1979 deliveries and the forward orders for the following 12 months.

So worried was the RHA about the effect on haulage company profits of the excess carrying capacity that in November last Mr. Ken Rogers, the national chairman, called for a structural change to limit capacity. Mr. Norman Fowler, Transport Minister, was present when Mr. Rogers made his plea but no official response has so far been forthcoming.

Mr. Rogers wanted the current operators' licensing system changed. The system effectively controls the number of operators allowed into the industry by setting minimum standards to be attained by applicants. But the RHA wanted the current "quality control" mechanism changed "so that it relates more closely to supply and demand in the road haulage industry."

The RHA wanted licences to be more difficult to obtain, arguing that at present it was "far too easy to enter the industry." This "looseness" was a prime contributor to the drastic cycle of boom or bust that bedevils the haulage industry, according to Mr. Rogers.

Finally the RHA wanted the Government to take steps towards a closer examination of the "financial stability" of applicant operators.

The haulage industry, as now structured and controlled (for safety standards), is subject to the full force of the pressures of the free market.

Any change along the lines advocated by the RHA would seriously affect the ability of the industry to respond swiftly to market forces. This in turn would affect the accuracy of forecasting and planning by manufacturers of commercial vehicles and would probably eliminate the downward pressure on haulage rates for customers at times of recession, raising transport costs and adding further to trading difficulties.

However, no change is likely to be considered seriously by the government as it propagates the application of free market ideals throughout industry.

In the car sector surplus production capacity over the past 12 months led to some benefits for purchasers of company car fleets. Manufacturers were willing to offer substantial discounts, in excess of the 12 per cent to 17 per cent offered by many distributors to customers for one car.

One result was that car manufacturers fared a little better than the makers of commercial vehicles. Demand still fell, however, and by the end of last year total sales of cars were expected to be 200,000 short of the 1979 record of 1.71m, a drop of 11.7 per cent over the period.

Market shares

Nevertheless, in the car market Ford managed to maintain a 68 per cent share of the total market for cars for salesmen—the biggest single sector. BL came second with 12 per cent, and Vauxhall and Talbot battled it out at the nine per cent level.

Overall, the Ford Cortina continued to dominate fleet sales, although its Fiesta hatchback surprised perhaps even the company by taking about a quarter of the total fleet sales, way beyond original expectations.

This welcome—for Ford—turnround may well reflect a more concentrated analysis by buyers of company car fleets of total operating costs, including insurance, fuel and maintenance. The smaller hatchbacks, such as the Fiesta and the BL Mini Metro, make a virtue of smallness and in particular of the smallness of the annual maintenance bills.

However, this move away from traditional thinking about company car fleets, where the big-booted saloon was once the obligatory order of the day has not been the only area in fleet management where innovative ideas are being adopted.

The changes in the 1979 Finance Act, which cut the rate at which capital allowances could be charged on leased cars from 100 per cent to 25 per cent to bring them into line with the allowance on cars bought outright, may have taken some of the momentum out of leasing. It is still an attractive solution to company finance problems but other and equally attractive solutions are coming to the fore.

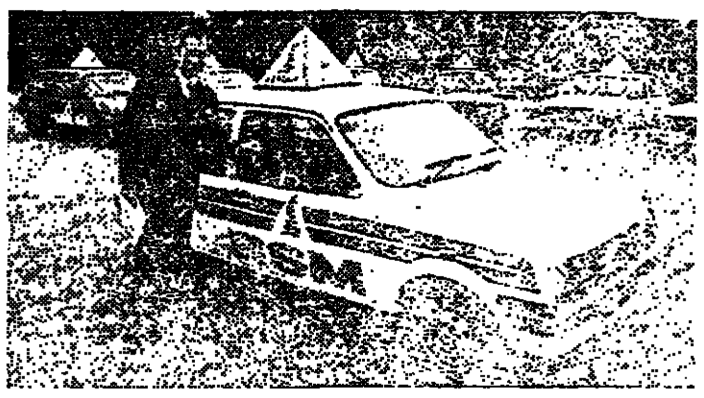
In particular the growth of contract hire as a way of acquiring commercial vehicles has taken on fresh strength.

In some of the more elaborate case studies available from contract hire companies, large manufacturers with nationwide distribution operations have handed to the specialist contract hire company all aspects of warehouse control, lorry operation, day-to-day routeing of lorries and all the maintenance, driver, fuel and replacement costs. Computers dedicated to transport are also now playing an ever-more important role.

This growing separation of a manufacturing company from its transport and distribution operations has in turn led to a growing specialisation among haulage companies, with some virtually ignoring the highly competitive, over-competitive general haulage field in favour of highly complex, highly skilled all-embracing distribution roles.

These specialist skills are proving more profitable than general haulage. Total commercial vehicle rental and leasing operations in Britain almost doubled in turnover to £225m over the three years to 1979.

However, although contract hire looks set to continue growing, no company in the business has publicly declared current growth rates, and investment in new vehicles for hire on the two years to five years common to contract hire has already slowed down.



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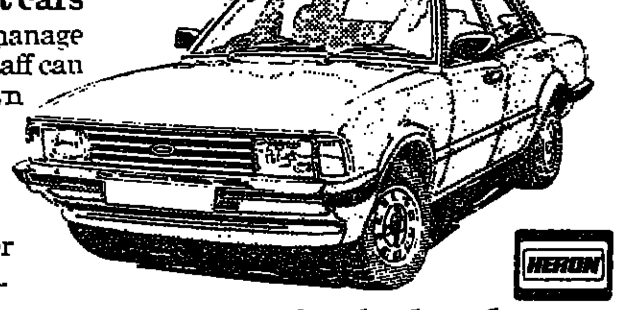

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Means of husbanding capital

CONTRACT HIRE: LORRIES

LYNTON McLAIN

NOBODY LOVES a recession, but at least one sector in the road haulage industry — contract hire — has more reason than most for seeing some prosperity through the gloom.

Contract hire enables a company to acquire commercial vehicle capacity on a contract basis for periods of from one to five years. The main benefit, or so the contract hire specialists claim, is that the extra vehicle capacity is obtained instantly without any drain on the customer company's capital resources. This has attractions in periods of deep recession, where capital may be more importantly employed elsewhere in a company.

A regular monthly cheque is paid by the customer to the contract company for the use of the vehicle and a range of other ancilliary functions or responsibilities. These can include the permanent hire of a driver.

Even the wages of the customers' own driver, where used, can be paid by the contract hire company. Again, all these extras are included in that one monthly cheque or banker's order to the contract hire company.

The benefits of such an all-embracing contract arrangement may extend far beyond the prime benefit. This is defined as such by the contract hire companies, but prospective customers have to make up their own minds. Contract hire releases capital for other more directly productive aspects of the customers' business.

Almost all contract hire arrangements involving commercial vehicles include two more or less obligatory elements: the acquisition of the vehicle — usually brand new — and all maintenance. These features are the basis of the monthly payment and dominate most contract hire arrangements.

The extras, which are optional and chargeable on a scale which reflects the customers' commitments, may greatly increase this monthly outlay, although so competitive has the contract hire business become that few companies will give precise costings. However, the basic cost of a new Leyland T45 tractor unit will cost a customer about £438 a month, provided that the contract is a five-year one.

Dominate

But this is the most basic form of contract hire, giving industry access to extra commercial motive power, perhaps with the object of upgrading the quality of service to a much-courted customer as the recession deepens and brings with it more competitive pressures to try just that much harder than the next man.

Two recent reports on the vehicle rental and leasing industry go some way towards showing the extent to which the industry has become intensely competitive.

ICC Business Ratios reported in November that the total value of the commercial vehicle rental and leasing business had almost doubled from £114m in 1977 to £225m last year. It is possible that this rate of growth may have been slowed by the recession, although the evidence available from contract hire companies suggests that even if this has happened, it has been accompanied by a welcome increase in the range of contract hire services available as the hire companies fight for business.

Up to last year, when the company carried out its survey of 99 rental and leasing companies, it was estimated that the longer term growth prospects for these companies remained good. The main reason given was that at the moment—80 per cent of *all* company vehicles are still bought by industry and commerce outright. This, it is argued, leaves an enormous scope for further development on contract hire business.

The performance of the contract hire sector should be enhanced if potential customers turn to long-term contracts rather than outright purchase. However, customers know that it is possible, as the recession deepens, to negotiate favourable terms for both types of acquisition, as competing companies vie for business.

The other report, by the British Vehicle and Rental Leasing Association, shows that last year the total number of commercial vehicles available in Britain for contract or leasing arrangements rose by 39 per cent to 236,659, almost all of them — 235,659 — trailers. At the same time membership of *the association rose* by 29 per cent.

The association also published an analysis of the commercial vehicle fleets now available for hire or contract arrangements. The results of the survey into customers' needs—conducted by British Road Services (BRS), perhaps the leading contract hire specialist in Britain—showed that "prompt availability of vehicle" was the factor chosen as most important affecting choice of truck rental company.

Truck rental, however, is not the same as contract hire and usually covers periods of simple direct hire of less than a year. Vehicle contract hire, on the other hand, is the hire of a vehicle with or without a driver for one year or more, with two years as the normal minimum period.

Replaced

No similar survey of customer evaluation of the factors affecting choice of contract hire company has so far been published. But the experience of BRS with some of its largest customers in the contract hire business suggests that considerations of cash flow and the need to keep hold of scarce capital for other uses dominate the list of possible factors.

All the costs of contract hire arrangements can be offset against tax, but so can the capital costs of a new vehicle, and contract hire companies are reluctant to show publicly the precise quantitative benefits that contract hire can bring to a company. But despite the difficulty of pinning down cost benefits, it is possible to identify some genuine advantages of contract hire.

The contract is negotiated to last for the whole period of the arrangement, subject to an *annual* review. This review would assess the likely impact of inflation on the otherwise constant charge and the customer would be expected to pay extra on top of the monthly payment, to take account of inflation.

Nevertheless, the customer does have the benefit of fixed monthly costs which are set at least for a year at a time. This can help smooth out unexpected costs, from unforeseen maintenance bills for example, or in the case of contracts where the monthly payment includes a drivers' salary, wage claims.

In the case of the longer contracts, the supplying company often agrees to a mid-life total replacement of the vehicle or fleet or vehicles. BRS says this helps "maintain the corporate image" of the customer. Customer livery is almost always includes. The larger contract hire companies are also prepared to offer a range of services substantially wider than simply those involving a vehicle, maintenance and possibly a driver.

The more *elaborate* all-embracing contracts can also involve servicing by the contract hire company of the customers' operators licences, excise licences, MoT testing, insurance, fuel and even washing of the vehicle.

On fuel, long-term arrangements can be made to ensure that the customer's lorry or van always has access to fuel—supplies permitting—on the established agency basis, where cash is not involved.

All these services could be provided by the customer but the benefits of a complete transfer of all aspects of commercial vehicle operations and servicing are thought to be so great that companies such as BRS now specialise, among other tasks, in tailoring a comprehensive package for individual customers.

This solution to a company's transport problems follows an analysis by the company of the potential customer's transport requirements. This may result in fewer vehicles eventually being used, but the ultimate benefit is more efficient haulage.

Despite the wide involvement of BRS in the contract hire sector, the company does not have the market to itself.

Avis Truck Rental, of Hayes, in the private sector, offers straightforward truck rental facilities and also leasing arrangements.

Other specialist companies compete in the trailer market, including TIP Trailer Rental of Watford, Herts: and two companies in Middlesex—Rentco Nationwide, of Hayes, and Trailerent of Staines. The three trailer companies together have almost 9,000 trailers for hire in Britain and TIP has about 2,000 trailers for hire abroad.

In the more highly specialised area of refrigerated vehicles Avis has increased its turnover by about a quarter over the past 12 months after first offering a refrigerated meat loader earlier in 1979.

BRS is also involved in trailer rental and the straightforward truck rental for meeting industry's short-term needs.

Truck rental has traditionally appealed to companies requiring short-term stop-gap measures. This often involves the hire of one truck or van, a sector of "one-off" business which BRS had not until recently tried to attack with its contract hire services. However, all this is changing. BRS will continue its attack on the larger industrial targets for possible conversion to the contract hire type of operation.

These larger operations have earned BRS a reputation for introducing a minor revolution into company transport and distribution arrangements, by arranging an all-embracing version of contract hire to companies willing to pay BRS to look after all their transport and distribution headaches.

This approach to the ultimate form of contract hire embraces vehicle hire, maintenance, supply of drivers, all paperwork involving licences, insurance, testing, fuel and washing. But —and this is the significant departure from most of the simpler, less ambitious forms of contract hire—the BRS contracts with Mars of Slough and Redfearn National Glass of Barnsley, Hoover, Bridon Transport (the British Ropes operation at Doncaster), and others involves the running of industrial warehouses for the customers' products and routing of lorries for distribution of the final products.

Upgrading

In the case of Bridon Transport, BRS bought out the company's entire fleet of lorries and vans, involving over 100 vehicles. Some of these were then replaced by brand *new* vehicles where appropriate and the whole fleet was then contracted back to Bridon Transport, under a five year contract.

BRS looks after all possible aspects of distribution for the company and in return receives a monthly payment. This has enabled Bridon Transport to re-capitalise on its assets, overcome some of the obvious problems of the recession — where the slump in demand has hit cash flow.

At Mars, the distribution warehouse is now owned by BRS All the route scheduling for Mars products is done by the contract hire company and Mars' only input—other than the regular payments—is to put its orders into a direct computer link at the warehouse. BRS then takes daily orders off the computer and handles all the routine aspects of regular deliveries to customers.

Kelloggs and Grimsby Fish have similar operations. The fish distribution by road was made necessary after the Beeching closures of the provincial rail networks.

Similar all-embracing contract hire arrangements are already under way with supermarket chains, an area not currently served by BRS in the same way. However, the company has plans for a multi-million pound investment in taking over supermarket distribution. Decisions are likely early this year.

At the other end of the scale BRS is trying to interest small, often one-man companies, in the use of contract hire. The company has already succeeded in a small way and quotes the case of the Sing Ke Chinese take-away company which operates in South Wales. Sing Ke uses one truck, owned and maintained by BRS.

But perhaps the most unusual one-off contract hire *operation* the company has won so far involves an ex-London taxi. This is the mode of travel chosen by a leading London businessman —in preference to a Rolls-Royce —on the grounds of ease of access and anonymity. It is effectively his taxi, but he does not own it and has none of the headaches of running it.

Mr. David H. White, group managing director, British Road Services

SUCCESSFUL STRATEGY BY BRS GROUP

BRS is the largest and most successful group in the State-owned National Freight Company which the Government plans to denationalise, possibly next year.

The BRS group, with its eight regional operating subsidiaries, has consistently improved its performance since 1972, and trading profits have increased every year—apart from a small dip in 1974—from £2m in 1972 to £10.3m in 1979.

Over the period gross receipts at BRS have risen from just over £55m to £153.3m in 1979, when they represented 35.5 per cent of total National Freight Company receipts.

Much of the credit for this success must go to Mr. David White, the ex-master mariner who joined BRS five years ago. He is now group managing director, responsible for about 9,000 staff and about 8,000 vehicles.

***His strategy* has been based primarily on reducing BRS's exposure to the highly competitive general haulage sector. The latter is suffering from severe over-capacity as the recession bites.**

The decision by BRS to counter such cyclical downturns with a growing emphasis on contract hire and other specialist haulage services, often based on computer technology, appears to be paying off. Its 1979 turnover of £41m from contract hire accounted for 27 per cent of all receipts. The more risky general haulage work has been cut back.

NUMBERS OF GOODS VEHICLES

(By unladen weight: 1946-1979, in thousands)

Over	Not over	1946	1950	1955	1960	1965	1970	1975	1979
	1½ tons	204	364	534	757	864	933	1,107	1,153
1½ tons	3 tons	279	401	497	348	289	197	204	167
3 tons	5 tons	37	65	93	186	269	234	162	142
5 tons	8 tons	10	15	26	41	76	132	134	114
8 tons		1	2	5	11	24	55	98	121
All lorries (over 1½ tons)		326	483	530	585	638	620	596	544
All goods vehicles		530	847	1,064	1,242	1,502	1,552	1,703	1,697

VEHICLE MILEAGE

(Thousand million miles)

	1949	1955	1960	1965	1970	1975	1979
Lorries	7.8	8.2	9.7	11.3	12.1	12.4	13.6
All motor vehicles	28.9	47.8	89.8	101.1	130.1	151.8	171.3

Source: The Armitage Inquiry, "Lorries, People and the Environment," HMSO, December 1980

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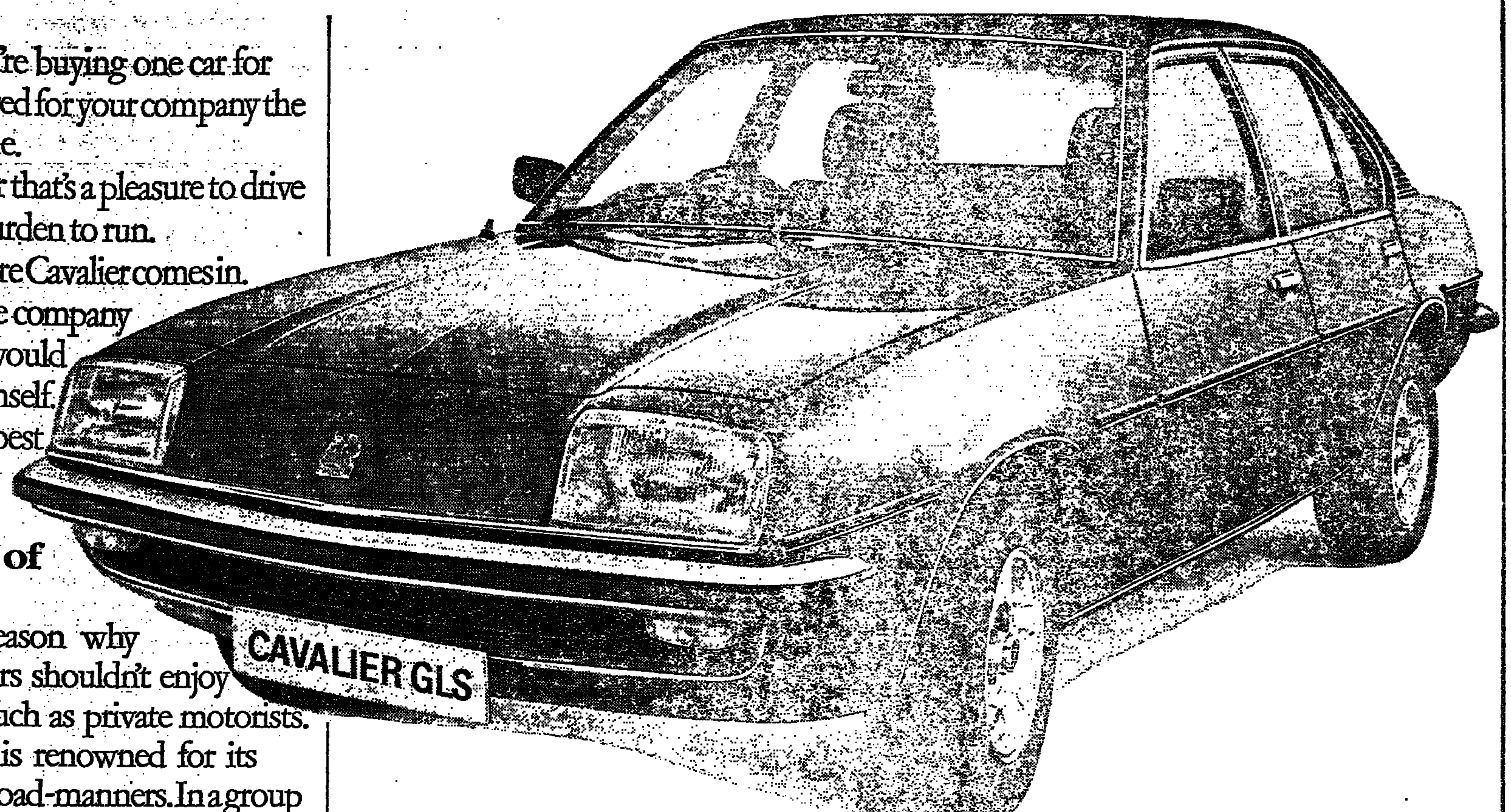

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√	√	√	√	√	√	√	√	√	√	

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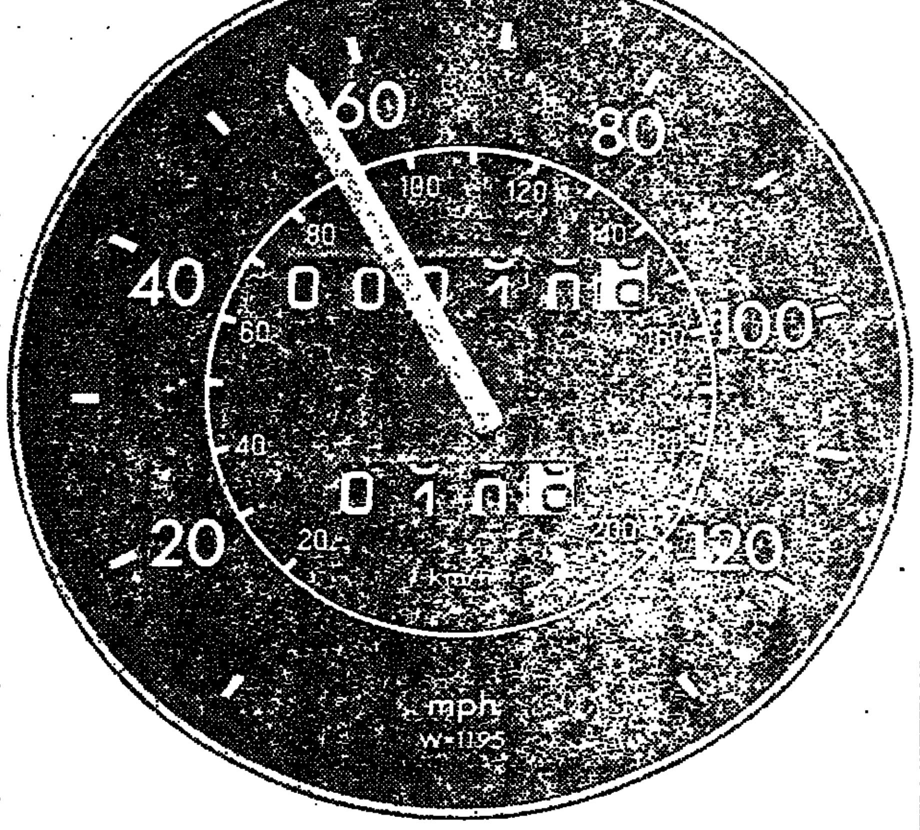

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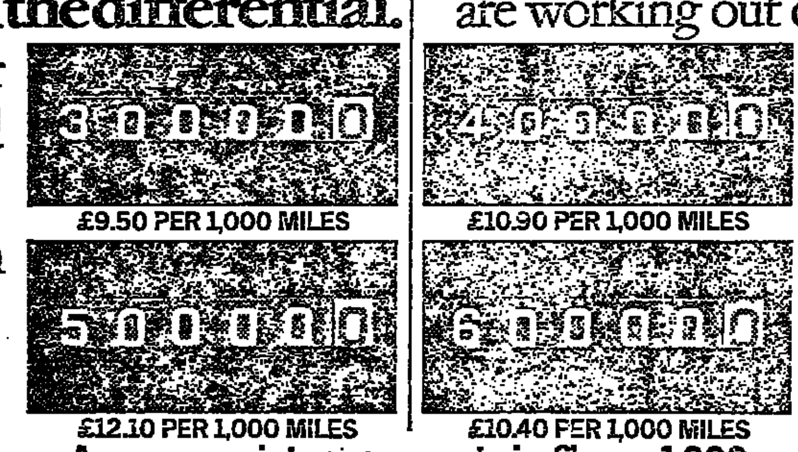

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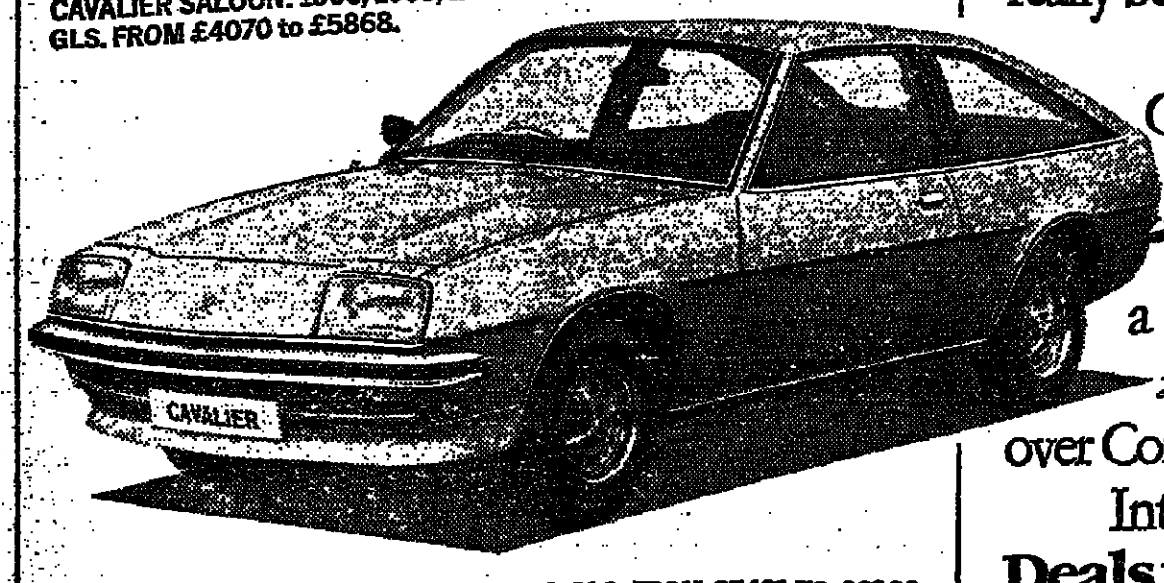

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KENNING CONTRACT HIRE Drive with Confidence

An increasing demand for smaller vehicles

CAR HIRE COMPANIES

LISA WOOD

COMPANIES ARE showing a growing interest in reducing the size of hire or lease vehicles issued to company representatives, in an attempt to control both petrol and other general costs. It is a move which has brought an increase in interest in such vehicles as the new Ford Escort, the Fiesta and BL Metro.

Mr. Len Clayton, sales director of Swan National Leasing, said however that so entrenched is the company car in Britain's system of pay perks that it was not yet evident that many companies were taking the decision to issue smaller cars.

But, he said: "Sir Michael Edwardes will be pleased to know there is a growing trend and interest in British-manufactured vehicles and providing BL's products are right, they can look forward to a growing market share in the next 12 months."

According to Mr. Clayton, many contract hire operators, suffering from fleet size reversals of a "unprecedented nature," are now panicking and cutting rates to a dangerous level, trusting that some increase in used car values will help them in two or three years' time. "It is highly likely that one or two large operators, and a host of smaller ones will go into liquidation during 1981," he said.

But it is also probable that the contract hire and leasing market is currently heavily oversubscribed.

An excess of capacity in the market is also a problem in car hire companies. The British car rental industry is now the largest in Europe and, if its rates are anything to go by, the most competitive. The industry is one which despite the presence of three international companies (Avis Budget, Hertz) and three major national companies (Swan National, Godfrey Davis and Kenning) still retains a large percentage of many small and medium-sized companies which usually offer a more localised service.

The internationals, the nationals and the small independents are all reporting similar action in the face of the recession, whether they cater for private or business users.

However, Avis said it had not suffered as badly as the national companies because of its very strong presence at UK airports. The company—which like Hertz has a worldwide reservation system—said there had been a significant drop in the numbers of overseas visitors to the UK, particularly from the U.S.

Revenue

Avis reports a fall of about 10 per cent in its activity in the UK, but the attendant fall in revenue is less than this because the many cars hired to tourists, as part of package deals with significant discounts, are not the most lucrative part of the company's business.

Avis's prices for hiring have gone up in line with inflation and new-car prices but it has cut back slightly on its fleet size and is buying a slightly greater percentage of smaller cars such as Ford Escorts and Vauxhall Chevettes. "We will see how business levels run in the spring before we make any further adjustments in fleet size," a spokesman said.

It appears that companies which have concentrated their services on the needs of the international tourist and the private user have suffered more than those which have placed greater emphasis on business users. Swan National, the UK market leader in the business sector, said: "The current state of the industry has clearly shown the wisdom of this policy." The company is renting as many vehicles currently as it did last winter but next year's fleet will include a greater percentage of small cars.

Mr. Richard Page, UK sales manager, forecast that the recession would alter the make-up of the industry. "Traditionally the car rental business has been a "cottage industry," with the big companies taking less than 40 per cent of the total market. This emphasis will change with the considerable reduction in business from the private renter."

He said that local rental companies now trying to take a share of the business user market without the benefits of economies of scale would encounter difficulties in funding new vehicles when they replaced their existing fleets.

Guy Salmon is an independent company but it is relatively large—with a fleet of about 500 cars—and it competes directly with multi-nationals such as Avis, its main business being luxury cars.

Mr. Richard Salmon said his business was down by 20 per cent during the summer mainly because of the fall in overseas customers but there had been a recovery during the last couple of months. He has reduced his fleet by about 20 per cent, but in ordering for next year has options for more cars should the market recover. However, he is not optimistic on this score.

He is replacing cars at intervals of nine to 10 months—because the company believes that if a customer wants a luxury car he does not want a tired vehicle with maintenance problems. "Some companies are now not replacing for up to 18 months. The temptation is strong but we will continue our policy."

Portobello Mini Hire, in Notting Hill, London, is fairly typical of the hundreds of smaller car rental companies which can be found in the Yellow Pages of any telephone directory.

Started by Mrs. Tessa Whalley and her husband seven years ago, the company runs about 70 vehicles in the winter and 100 in the summer. This year the strong growth in the company's fleet—it started with seven vehicles—has been arrested and prices for hiring have been held to 1979 levels.

Mrs. Whalley said she believed that the smaller companies—with their lower overheads—would not be as seriously affected by the downturn in private hiring as the national companies.

Smaller companies, which offer few of the "luxuries" provided by the nationals, such as one-way rental (where a customer need not return a vehicle to the place from which it was rented), may be more attractive to the customer shopping around for the most competitive prices.

Portobello Mini Hire has made no redundancies among its staff. Mrs. Whalley said: "The effect of the recession is that we are working that little bit harder. We used to close for lunch; now the office is manned all day."

PROFILE

Mann Egerton

MANN EGERTON Vehicle Contracts, part of the Inchcape group, is essentially a contract hire company which has enjoyed 10 to 12 years' steady growth and is still expanding. MEVC operates from main depots in North and South London, Norwich and Worcester.

MEVC has a wide variety of customers and says it has never been able to draw a definitive profile of its many industrial customers. Clients include several household names, such as Gillette. MEVC's turnover this year is around £6m.

The company has recently seen a change in the pattern of contract leasing agreements that it handles. There has been a marked switch to three-year leasing deals, rather than two-year deals, as in the past.

Over the past two or three years, the volume of business has changed from 20 per cent of agreements being for three years and 80 per cent for two years to 40 per cent for two years and 60 per cent for three years.

PROFILE

Europcar

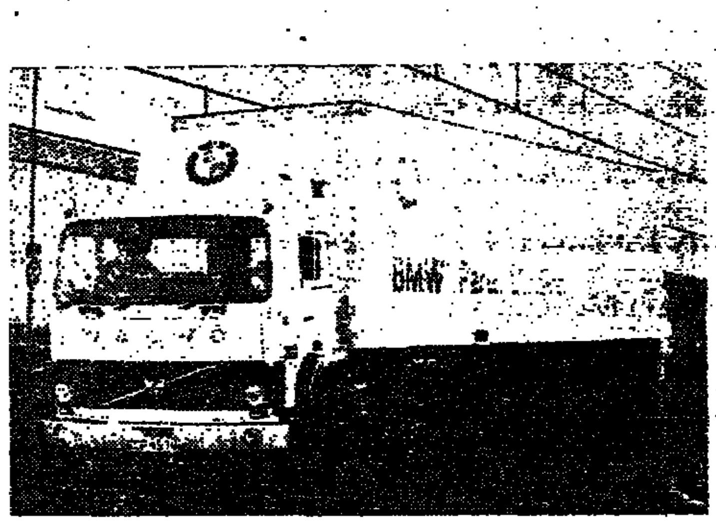
LAST FEBRUARY, Europcar sprang to particular attention in Britain when it made a £22m bid for the car rental activities of Godfrey Davis. The deal was referred to the Monopolies Commission and a report was sent to the Department of Trade, just before Christmas.

Europcar is a Renault subsidiary, though the UK operation contains a minority of Renaults in its fleet. The company has 13 depots in the UK and is interested in the short-term car hire market.

It sees itself as trying to attract the business or commercial market, rather than the leisure sector and is particularly keen on the international traveller.

Although it has operated in Britain for seven years, the company has maintained a low profile and it says a lot of its forward planning depends on the outcome of the Godfrey Davis deal. If it is given the go ahead by the Department of Trade, the Godfrey Davis take over will at a stroke give Europcar a large slice of the market.

However, even if Europcar's British operation were merged with Godfrey Davis, the new company would still be a long way behind the giants, Avis and Hertz. If Europcar's new operation goes ahead, the new company will be known as Godfrey Davis-Europcar and Midland Bank Industrial Investments will take a minority share.



For the BMW parts contract, which is operated from BMW's distribution centre at Bracknell and Walsall, National Carriers use three Volvo F7 tractor units and nine Fiat 60 F10 vans.

Changing patterns in haulage operations

ROAD HAULAGE

LYNTON McLAIN

ROAD HAULAGE in Britain is conveniently divided between those operations involving the public haulage contractors and those conducted by companies operating on their own account.

The scale of operations involving public haulage contracting—haulage for "hire and reward" as it is known in the haulage trade—has always been much easier to establish than that involving company-owned operations, although broad figures are available for the tonnage carried by each sector.

The latest figures from the Transport Department show that company-owned road freight haulage operations started to dominate Britain's total road freight market in 1978 for the first time since 1971. These own-account operators carried 1.494bn tonnes of goods, representing just over half, or 50.7 per cent, of the total tonnage carried in 1978. Figures published by the department at the end of last year showed that this trend had continued, with 50.3 per cent of the 1979 total of 1.504bn tonnes of freight going by own-account transport.

On the evidence available so far there is every possibility that the movement away from the public haulage contractor, plying for hire and reward on the general haulage market, did in fact continue in 1980. The change in the position of the company-owned haulage operation in 1978 followed changes in licensing arrangements in 1977. The change, compared with 1977, when own-account haulage carried only 45.7 per cent of Britain's total road freight, was marked. However, no clear explanations have been given by the haulage industry.

In 1979, if the trend were indeed to be continued, the explanation may be much easier to establish. The haulage industry was gripped by a severe and prolonged strike by drivers employed by the member haulage companies of the Road Haulage Association (RHA). Industrial distribution by manufacturing companies owning their own fleets, and therefore not part of the RHA which represents the haulage contractors, was disrupted by secondary picketing.

Companies found that although they were not parties to the dispute they were unable to continue full normal working. However, many tried successfully to use their own fleets of lorries.

Drivers employed by a manufacturing company also showed, at least at the early stages of the dispute to have substantial loyalty to the company.

These factors are likely to be behind the main reasons given by companies for wanting to operate their own vehicle fleets in a joint survey carried out at the end of 1978 by the Price Commission and the Foster Committee which inquired into road haulage operators' licensing, and reported in January 1979.

Reliability and control were the two main reasons given for operating company-owned lorries. Financial considerations were secondary.

Nevertheless, the majority of own account operators—66 per cent—also make some use of professional contracted haulage. Four out of ten companies used professional haulage help regularly and more than six out of ten used contractors to ease the work load at times of peak pressure.

The joint survey also found that only half of own account hauliers charged internally in the company for their own haulage on a "commercial basis at a realistic market level." For the other half, commercial considerations were secondary to the reliability and control the companies were able to exercise over their haulage operations.

This suggested that the true costs of in-company haulage may not be known to the company's management, with the implication that it may be cheaper for them to use other hire and reward companies, although with the risk of less security of operations.

OWN ACCOUNT OPERATORS

Percentages of turnover derived from hire and reward work

2-5 Vehicles	6-20 Vehicles	21-100 Vehicles	Over 100 Vehicles
4.0%	2.5%	6.5%	3.7%

Source: The Foster Committee report, January, 1979.

Reasons for owning your own lorry fleet

	Score
Reliability	14.9
Control	13.0
Customer Relations	9.4
Speed of delivery	9.2
Flexibility	7.8
Costs v prices*	7.4
Ability of "own account" to meet timing constraints	6.6
Price is subordinate to service considerations	6.5
Specialised capability	5.5
Speed of response	5.1
Adaptability	3.6
Consistency	3.5
Avoidance of damage or contamination	3.4
Security	2.6
Other (not financial)	1.1
Other (financial)	0.5
	100.0

*Own account operator's costs are less than the haulier's prices. Note: This table shows the relative importance attached by operators to the different reasons for using their own vehicles.

Source: Foster Committee report on road haulage operators' licensing — joint survey with the Price Commission, January, 1979.

You can't beat a Renault fleet.

Renault offer the widest range of cars available in Europe. And from the economical Renault 5 up to the luxurious 30TX, there's a model to suit every sales force and every board of directors.

The Renault range – The eleven models which make up the Renault 18 series are probably the finest fleet cars available. There are four petrol saloon versions plus an automatic, three petrol estate versions plus an automatic, a diesel saloon and a turbo.

But of course, the Renault 5, Renault 14, Renault 20 and 30 are all good contenders for fleet and company use, and give you another 24 models to choose from. And your employees will be impressed by the stylish good looks of the range.

Cost efficiency – Over an average 2-year, 40,000 mile period, the Renault range runs up a smaller fuel bill than its major competitors*–

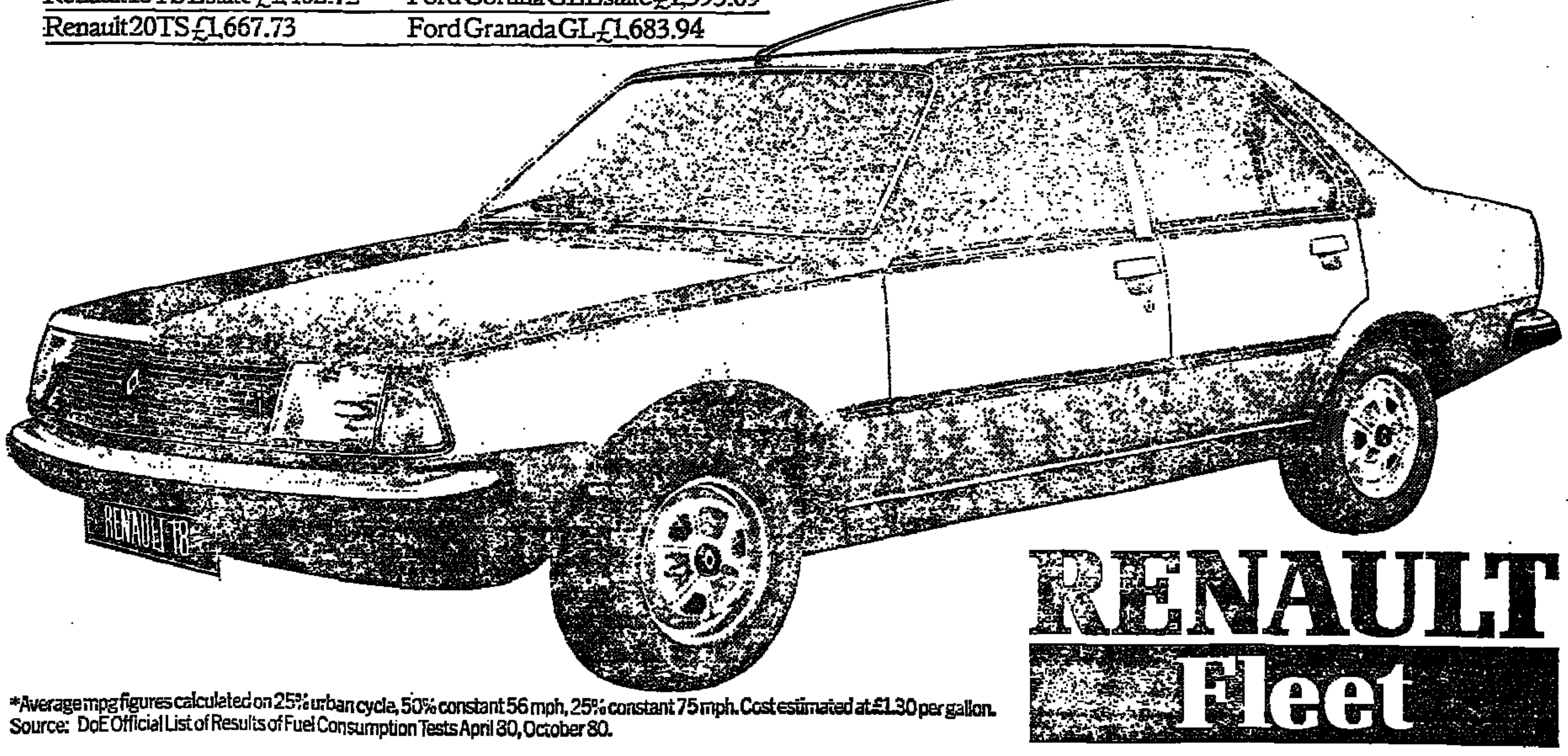
Renault 5TL £1,032.36	Mini Metro HLE £1,041.04
Renault 14TL £1,381.14	Vauxhall Chevette £1,414.96
Renault 18TS Estate £1,462.72	Ford Cortina GL Estate £1,595.09
Renault 20TS £1,667.73	Ford Granada GL £1,683.94

Easy administration – Thanks to an ever-expanding network of dealers and service points nationwide (over 600 at the moment), your salesmen are never more than 25 miles from help when necessary. And with the Renault Custom Card, they can settle up immediately for petrol, parts, labour and servicing.

Availability – Renault operate a special fleet supply system for easy purchase and replacement. And the Renault Loan Scheme can help with leasing or financing requirements.

All of which makes up a pretty impressive package. But don't leave it at that. For further details contact M.R. Thompson at Head Office on 01-992 3481 or P. Roberts, Northern England 061-834 2393, J. Worsley, Northern 031-443 4090, D. Lamb, Central (0902) 53111, K. Baker, South West (0734) 85456, S. Wright, South East 01-578 4313.

After all, the best fleet range in Europe deserves more than just a fleeting glimpse.



RENAULT Fleet

*Average mpg figures calculated on 25% urban cycle, 50% constant 56 mph, 25% constant 75 mph. Cost estimated at £1.30 per gallon.
Source: DoE Official List of Results of Fuel Consumption Tests April 80, October 80.

The microchip offers some exciting opportunities

COMPUTER-BASED SCHEDULING

ALAN CANE

THE HARDIEST annual in the canon of problems that a computer can be asked to solve concerns a travelling salesman.

He has to visit 30 towns and he wants to plan his best possible route; he wants to visit each town at least once, but travel the shortest possible distance.

It is an annual problem because there is, as yet, no solution. The problem cannot be cracked manually and even the fastest computers take up an extraordinary amount of computing time to produce a best guess.

On that evidence, the prospects for computer-based vehicle scheduling systems might seem slim—but that is not the case.

A number of systems are already up and running, and only four days ago, Unilever International Management Consultants, the consultancy arm of the Unilever group, started an ambitious project with Synergy Logistics to develop the first microprocessor based day-to-day load planning and vehicle scheduling system.

According to Mr. Fred Jones, managing director of Synergy, it will make possible day-to-day load and vehicle scheduling in a way which has been only theoretically practicable hitherto.

He says that the cost of computer hardware and the comparative delicacy of computer software and communications had in the past ruled out such comprehensive solutions.

Mr. Jones says: "Without researching extensively the competence and resources of the client company, in the past I would never recommend a day-to-day planning system. I was not satisfied with either the computer hardware and software or with the necessary communications between computers."

Cost-effective

Two things have changed all that. The new cheap and powerful microcomputers based on microchips—and the cost of oil. What had seemed prohibitively expensive now seems cost-effective.

Mr. Jones points out that with the more powerful microcomputers with substantial memory built in, it will be possible for companies like Synergy to provide "black box" solutions to fleet management problems.

Unilever's part in the new liaison will be to drum up a consortium of companies—not all necessarily Unilever companies—to provide a base of information on which the new fleet management packages can be built. Each of the companies will be in a different industrial sector and at the end of the project—it is expected to end in September—each will have its own tailor-made management solution.

Synergy is one of the leading specialists in the development of load planning and vehicle scheduling systems in a field which includes many small companies producing one-off solutions for individual clients and a small number of significant groups.

Its chief competitors include Scicon, which markets a package called Vanplan, Routemaster, and Pactel, the computer and telecommunications arm of PA Consultants.

It is not the simplest area in which to develop computer packages because as Mr. Martin Evans, a director of Synergy (and a former fleet manager himself), points out: "Each client has a unique problem."

One of the best known and simplest load planning services is run by British Road Services under the name BRS Datafreight. It is essentially a computer bureau service for the haulage business.

The aim is to match empty vehicles going from one location to another with loads travelling the same route: a form of computer dating service in which satisfaction is guaranteed if lorry and load arrive at the correct destination together.

Members of the Datafreight Club—it works exclusively on a membership basis—can ring their local centre if they have either vehicles or loads going in a particular direction. The Datafreight computer can then be used to bring together compatible loads and lorries.

The Synergy systems are a little more complicated.

Mr. Evans says the total package, which could cost about £30,000 exclusive of the computer hardware, comprises three separate programs.

The first, Roadnet, is a computerised Ordnance Survey map of Great Britain and Ireland. It shows, Mr. Evans says, 56,000 links of road. (A link is, in fact, the length of road between two junctions.) Each of these links is described in great detail. The computer will warn of weight limits, low bridges, one way streets in towns, anything which might disrupt the flow of the traffic.

"It is simply a chess board," Mr. Evans says. "It can be used for manual planning — especially for subcontractors paid on a time or mileage basis."

The licence fee for using Roadnet is about £5,000 a year, but most clients simply use that piece of the database of special interest to them.

The next program is called Site and it is a sophisticated package for location of centres and depots; it enables the customer to assess the best place to locate new depots and the effect on the existing network of distribution centres. (In the past, folk methods have prevailed; it is said in the trade that to establish the best place for a depot, one cuts out a large map of the country in stiff card, places small weights in the regions where you do the greatest volume of business and find the centre of gravity by balancing the whole on one finger. Assuming that the fulcrum does not fall in The Wash or the Pennines, that is where you should set up shop.)

Best route

The third Synergy program is called Transit; this is the route planning module. It allows the haulier to describe the depot, the vehicle and the customer in great detail and to draw up the best route.

In this it is not dissimilar to Scicon's Vanplan, a vehicle routeing and scheduling system which runs on the Digital PDP11 minicomputer. It enables the journeys for the following day to be planned, including a feature called volatile deliveries pattern. This means that while the system will schedule a fixed set of deliveries, it will also take in unexpected calls, planning the most effective diversion from the fixed route.

The Synergy team point out that no computer system will help a company which does not know what it wants to do in fleet management. It is essential to put your own house in order first, and that means a great deal of strategic planning: deciding what service you wish to provide to your customers, deciding if your personnel are up to scratch, thinking about the size and nature of your fleet.

"Without that first step, installing a scheduling system is simply a waste of time," Mr. Evans emphasises.

He points out that with current practice, it is unwise to buy a daily scheduler off-the-shelf.

"You really must have a daily system tailor-made," he says. "If you want it to do everything you want. Each company is different and every interface is different: interfaces with the stock control system, for example, or with the unions."

His view is supported by specialists in freight management such as the consultants Knight Weigenstein. Mr. Stuart Bowden, a consultant with the company says: "When we make recommendations we look at the clients' complete distribution function. We try to tie in orders and the order processing system. Stock control and vehicle scheduling.

"The chief weakness in existing scheduling systems is that they tend to deal simply with the existing fleet and with existing orders. It is important to look at the whole operation in a broader context."

What savings could you expect. If you run a well managed business which is already in the distribution trade, then computerisation might save you 10 per cent of your present costs.

In heavy engineering, where deliveries are undertaken when parts are ready, savings can be from 20-50 per cent of distribution costs.

But the salesman with his 30 towns to visit? His problem is technically called "non-deterministic polynomial time-complete." And no scheduler can help him!

COMPUTER SCHEME EXTENDED

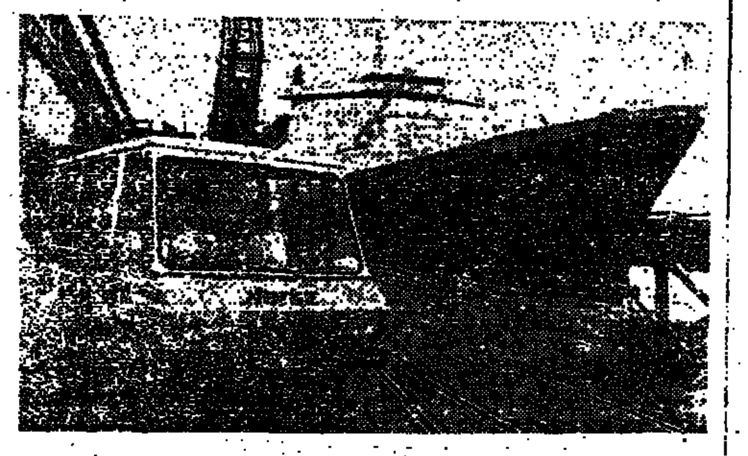
LEYLAND VEHICLES has recently extended its "SAVE" scheme — a system for analysing vehicle expense — by offering a mini-computer to larger operators for use at their own premises.

The computer can be used to key input into the SAVE system. The equipment also holds historical fleet cost and can be used to assist with stock control, scheduled maintenance, ledger and payroll systems.

The SAVE computer system, which now covers more than 4,000 vehicles, gives operators the chance to regularly analyse — in great detail — the costs involved in running their fleets.

Reports are made available to the operator on a monthly, quarterly or annual basis, with the operator having the additional facility of an ad hoc report, which can be called up on demand, covering a tailor-made programme devised to provide the operator with specific information on a particular aspect of his operation.

For the operator who already carries out his own comprehensive costing analysis which relies on staff tabulated results, SAVE still offers substantial benefits, such as a fast turnround of information — essential if early remedial action is required; comprehensive information on individual vehicles and fleet performance; plus a higher degree of flexibility in calling-off information than is available with manual systems; and assistance in the analysis and interpretation of the read-out by the SAVE consultancy service.



A Hertz coach collects passengers from the liner, QE2, at Southampton

PROFILE

Hertz UK

THE BL Metro and the new British-built Ford Escort are providing the driving force in the Hertz UK car leasing campaign in the 1980s.

Mr. John Yarroll, general manager, says that the Escort and the Metro "exemplify the type of car best suited to the new regimen of the eighties. These cars are right because they help conserve our fuel and oil resources, they require less frequent servicing and are efficient in terms of interior space-to-size ratios."

The overall design concept of the new cars is one that should meet with universal acceptance by fleet and family motorists, adds Mr. Yarroll. Hertz is approaching its contract hire and lease customers to point out the operating benefits of the new vehicles.

He adds: "I believe that the Escort could overtake the Ford Cortina as the best-selling car in the UK."

The company says that an increasing number of customers are selecting smaller cars for both long-term leasing and casual rentals. This is more perceivable in the U.S. than in Britain, because U.S. vehicles are so large.

Hertz UK says that the new Escort and Metro range are cheaper to run, all round. They are less expensive to buy, to insure, and to operate. They take up less room on car ferries, so that is another saving, yet they have virtually the same interior space as the larger models.

The company believes that the fleet-aimed vehicles, the 1300cc L models, are going to be very competitively priced and meet all the criteria that today's fleet operator demands: a low capitalised cost, good petrol economy, and very reasonable maintenance and insurance costs.

Hertz has introduced insurance cover for its client companies, removing the need for them to pay annual lump-sum premiums. The insurance scheme premium is added to the monthly lease invoice.

The company estimates the average 1600cc vehicle costs its user 22.75p per mile, so any saving on this is of interest to fleet operators.

Hertz claims to be the largest vehicle renting and leasing group in the world, offering a huge range of vehicles under a variety of hire and lease schemes.

Its fleet numbers 300,000 vehicles, available from 4,300 locations in 110 countries. In all, 1,400 airports have Hertz desks, placing a car in the reach of most travellers.

A record

Last year, Hertz handled 14m rental transactions. Its turnover for 1979 rose by 20 per cent to a new record of £1.122bn.

The organisation claims to be the world's largest retailer of used cars. It sells cars from its rental and leasing fleets, as new units are placed into service.

Hertz has been renting cars under its own name since 1923, even producing its own cars at one stage.

Walter Jacobs began a car rental business in 1918 by offering 12 Model "T" Fords in Chicago. John Hertz bought this company five years later.

Among more recent developments, the company's truck rental and leasing operation in Europe is experiencing expansion. Hertz is well established in the UK, Italy, France, West Germany, Belgium and Switzerland, with further development under way in the Netherlands, Spain and Austria.

In Britain, the company's vehicles range from 18 and 35 cwt light vans to three, seven and 10-ton box and dropside trucks, as well as maximum weight tractor units. Refrigerated three and 10-tonners complete the package.

The UK network is serviced from four regional centres: London, Birmingham, Manchester and Sheffield. Vehicles are available on short-term rental or contract hire.

PROFILE

Godfrey Davis

GODFREY DAVIS, Britain's longest-established car rental operator, now has a combined daily rental and leasing fleet of more than 10,000 vehicles.

The company's network of 200 rental locations in the UK provides a comprehensive one-way rental system which operates between all locations at no extra charge.

In addition to the UK, Godfrey Davis has rental companies in Holland and Spain and a network of licencees and affiliates in 48 countries.

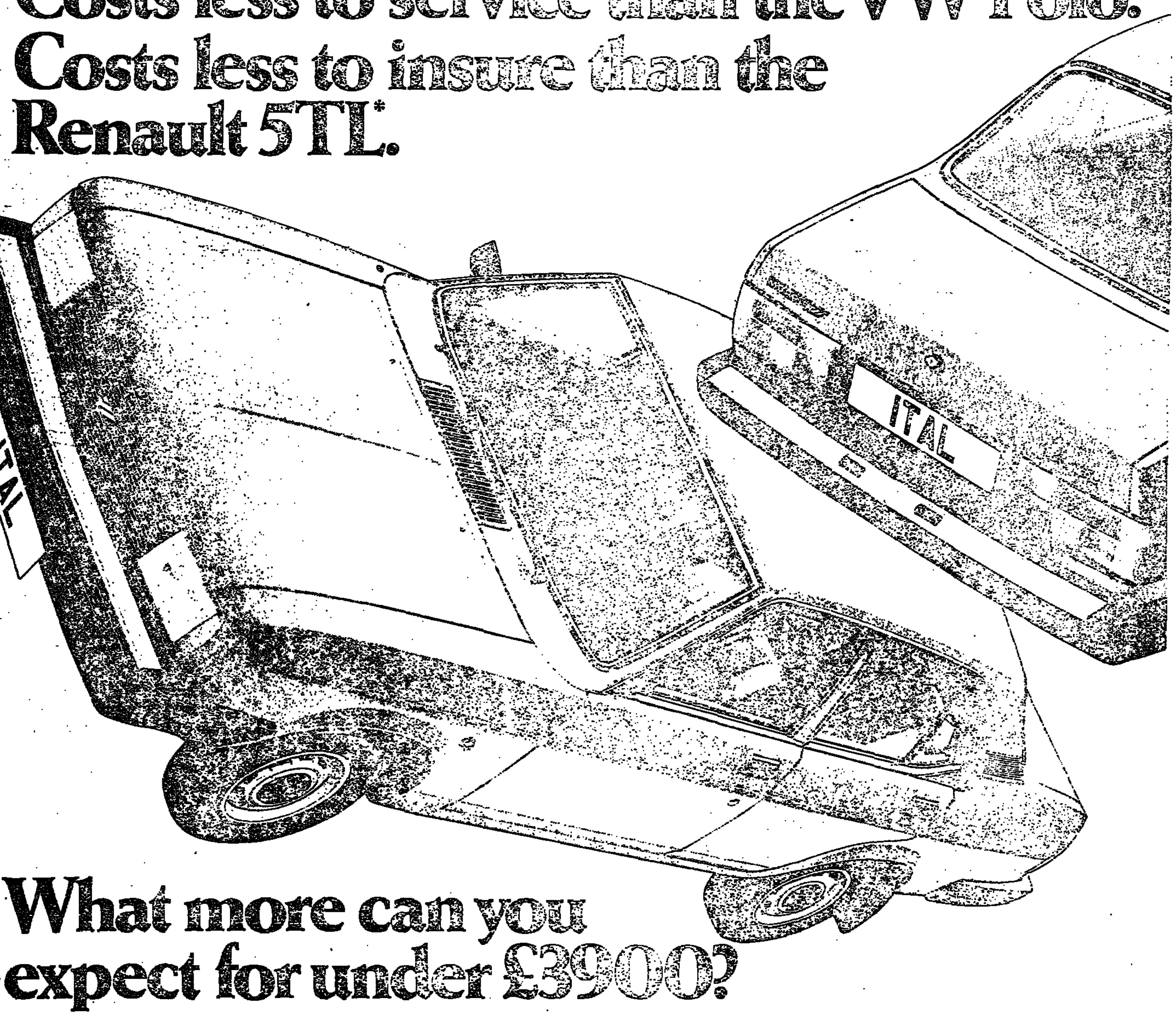
For 11 years, Godfrey Davis has been British Airways' car rental contractor and, more recently, has been appointed as Fly-drive contractors to Aer Lingus.

The average life of vehicles in the company's fleet is nine to 12 months and all cars are covered by the Automobile Association's Relay Service.

In co-operation with British Rail, Godfrey Davis operates a Rail-Drive network in which cars are available at 74 Inter-city stations.

For more than 50 years, the company has operated a chauffeur-drive service. The fleet consists of Ford Granada saloons, Dorchester, Daimler and Rolls-Royce limousines, which are changed annually; the company is the official chauffeur-driven contractor, appointed by British Airways, for its Concorde passengers.

Costs £288 less than the Fiesta 1.3GL.
Better m.p.g. than the Chevette 1300.
Costs less to service than the VW Polo.†
Costs less to insure than the Renault 5TL.*



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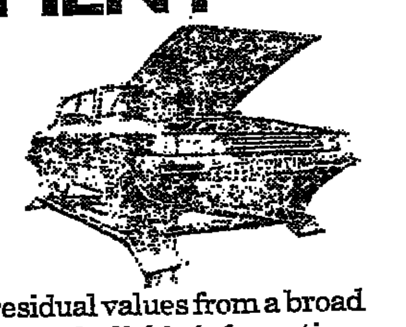
Facts
IS FLEET MANAGEMENT



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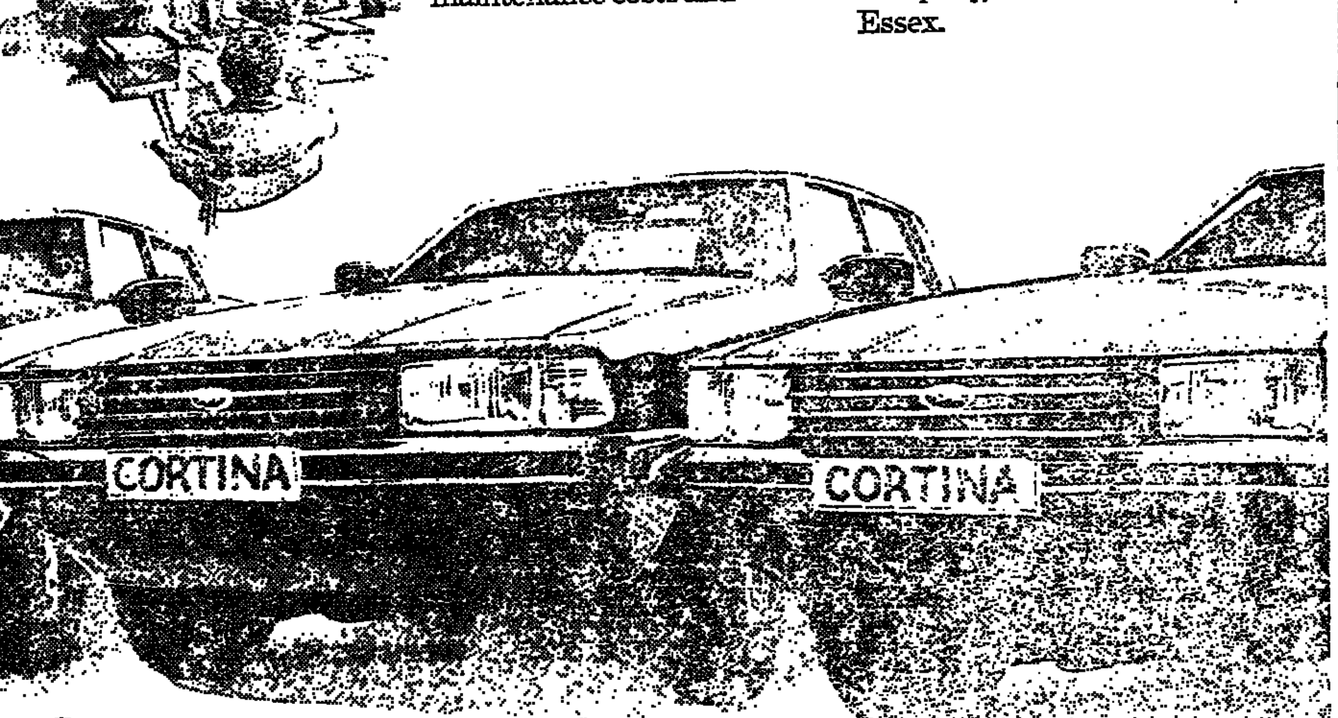
If you want to manage your fleet on FACTS, then write for information to Ford Fleet Sales 1/321, Ford Motor Company, Ltd. Brentwood, Essex.



a fleet operator's service

Ford

External agencies offer ways to reduce operational costs

COMPANY CAR FLEETS

LISA WOOD

BECAUSE OF increased pressure on margins many companies—6,500 of whom in the UK run 25 or more vehicles—are looking to external agencies to manage their fleets.

The management of company cars by an external agency is an American idea, so it comes as no surprise that the Ford Motor Company offers this service to UK customers, through FACTS (the Ford Analysis of Car Transport Statistics) while two American companies, PHH Services and Gelco have started similar operations in the UK over the past decade.

Fleet management started in the U.S. as contract hire during the early 1950s. Fleet management, as it is known today, came into its own 10 years later.

Gelco chose the UK as its initial market in Europe in 1972 because the country had a maturing contract hire market which, based on Gelco's experience in the U.S., was an ideal stepping stone to fleet management. In the UK there was also a large number of multi-national clients of Gelco in the U.S. with fleets in the UK.

PHH Services, set up in the U.S. in 1946, also came to this country in 1972 and it now has more than 200 clients operating about 18,500 vehicles. It offers a similar service to FACTS and Gelco claims that growth in the use of its fleet management services has been "tremendous" of the past few years. "We started very slowly," a spokesman said. "It is difficult to *educate management to the fact* that there is an alternative to contract hire."

PHH said that it was difficult to assess the potential of the market in the UK because so many companies offered contract hire. However, in the U.S., where contract hire was the only alternative to ownership in the 1950s, the situation has changed dramatically with over 80 per cent of fleets which are not self-managed being under fleet management schemes with contract hire enjoying a 15 per cent share.

In the UK, many companies are examining the potential of fleet management, believing that it is often more cost effective to hand over the management of fleets to an agency. PHH claims that it can reduce operational costs of a fleet of cars by up to 1p a mile.

The agency which handles the largest numbers of fleets is Ford's FACTS. Ford, which has between 50 and 60 per cent of *the total fleet market* in the UK, has traditionally closely associated itself with its customers.

About 250 of these fleet customers, who buy at least 300 Ford cars a year, are contacted up to three times a month by Ford in routine telephone conversations about vehicles and orders. Ford managers keep in regular contact with dealers and the 6,000-odd customers who buy fewer than 300 cars annually. Ford, like BL, Vauxhall and Talbot has its own credit company which will provide finance for customers.

Specialists

However, as an added service to customers who buy Ford cars as well as those of other manufacturers, Ford operates its fleet management service. Using a system which, like the other *two fleet management services*, uses a computer to analyse information, specialists can buy fleets at discount, re-invoice them to customers, pay all maintenance invoices and analyse costs. They are thus able to advise customers of the most suitable vehicles.

Transport and financial information is sent out to customers in fairly standard reports, but customised reports can be supplied.

The breakdown of information offered by fleet management agencies is extremely detailed. FACTS provides information on individual vehicles, and can also give operators a composite picture, based on an analysis of all its customers' fleets.

At the vehicle level, FACTS can provide a customer with a maintenance history of each car. Information on the number of insurance and warranty claims on a vehicle can, for example, prove the identity of a poor driver.

At fleet level, information is given, for example, on fuel consumption of different vehicles while, in giving a general composite report. FACTS allows a company to compare the performance of its fleet with national fleet statistics.

Companies operating about 60,000 cars use FACTS. They need not use all the services offered, but two critical areas of interest are maintenance costs and depreciation. Ford said that the use of FACTS has become more popular during the last 12 to 18 months thanks to sharply rising fuel and replacement costs.

The recession is causing fleet owners to keep vehicles longer, according to fleet management agencies. The total fleet new car market dropped by about 10 per cent last year. Companies *say they cannot afford to replace* vehicles, particularly when the used car market is so depressed.

PROFILE

Avis

AVIS, the giant U.S.-owned car hire company, has—unlike most operators in the vehicle fleet management and finance sector—divided its operations into two separate companies. Avis Car Leasing deals with the car side of the business and Avis Truck leasing with commercial vehicles.

The car leasing company was set up in 1974 as a jointly-owned company owned by Avis Rent A Car and Forward Trust, the financing subsidiary of Midland Bank. It has about 8,000 cars available for lease and the vast majority of its fleet, about 80 per cent, are leased on a closed end basis. Three-quarters of agreements include maintenance clauses and in total, Avis car leasing has about 800 company customers.

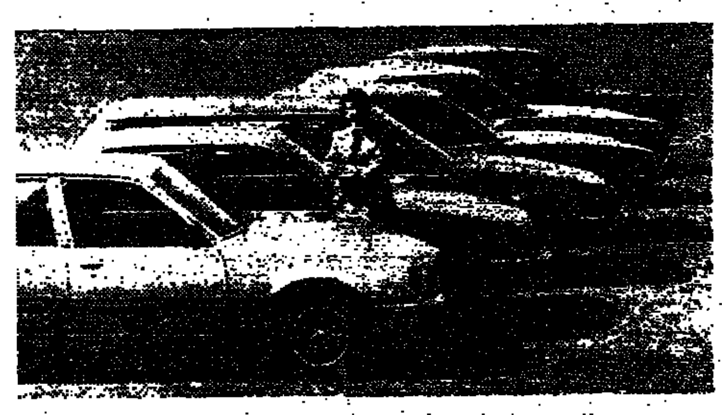
Avis Car Leasing operates from two sales offices at West Drayton, Middlesex, opposite Heathrow airport and Manchester. A direct sales team works in co-operation with the 90-plus Forward Trust offices.

The Avis car leasing package offers four types of service. Full service leasing which, as stated, is easily the most popular, covers the cost of all regular maintenance and all mechanical repairs. The repair facilities include a nationwide network of centres or main dealers. Royal Automobile Club Membership and Road Fund tax is paid and the company is particularly proud of its replacement car scheme where customers can rent Avis Rent A Car vehicles at favourable terms.

Non-maintenance leasing allows customers to handle their own repairs, but provides all the other financial benefits of leasing and Avis provides a finance leasing deal for larger customers where users take the risk on residual value of the vehicles.

In August, Avis launched an experiment in fleet management whereby it took over responsibility for running customers' car fleets and presenting the customers with monthly statements on the state of the vehicles. Full computer facilities enable a close check to be kept on repair costs and vehicle histories.

One of the main selling points which Avis uses is that, under its schemes, maintenance spending is carefully monitored. The company says many companies managing their own fleets tend to accept unnecessary expenditure. Under an Avis scheme, all spending is examined in detail. Avis says thousands of pounds can be saved in this way. Unnecessary spending was eliminated and often favourable discounts at garages obtained.



The Vauxhall range featured by Avis Car Leasing

The experimental scheme is being run nationally and the company says it is now handling just under a thousand vehicles.

Avis Truck leasing has found that its business has benefited from the recession as cash-conscious companies have opted more for leasing commercial vehicles. The range includes small vans and 38-ton tractor units. The truck leasing section was set up in 1963 and now has 31 centres throughout the UK.

The company has around 1,150 vehicles mainly on short-term lease; 550 of these are on full service leasing. It also has about 200 vehicles on finance leasing.

The Avis Truck leasing philosophy is that it can offer a specialist package to companies who wish to use cash for other purposes and that Avis staff are more likely to be able accurately to assess a company's need than less-experienced in-house personnel. Customers include production companies, but also a wide spectrum of businesses. Turnover for Avis Truck Leasing this year is expected to be about £4.5m.

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FINANCIAL ALTERNATIVES

DAVID FREUD

THE FINANCING of company fleets is becoming more complicated all the time, with fresh packages set out to entice managers almost daily. The choices range between leasing or operational leasing, hire purchase, instalment credit, the issue of debentures, raising medium term loans and even issuing equity.

With the costs of running a fleet now taking such a large part out of many companies available cash, it pays dividends to seek professional advice in obtaining the most advantageous alternative or mix.

Leasing is the alternative that has grabbed all the headlines in recent years, due both to its rapid growth and to the official concern surrounding the increase in its use. However, in *the 1979 Finance Bill changed* the rate at which capital allowances could be charged on leased cars, from 100 per cent to 25 per cent, bringing it into line with the allowances on cars bought outright.

This change has removed the political controversy surrounding the technique (along with some of the more dubious practitioners) and means it can be considered in the same *light as any other way of raising* finance.

About 70 per cent of all new cars are purchased by companies, equivalent to more than 1m a year. The vast majority are still self-financed, with leasing and contract hire accounting for somewhat less than 20 per cent. This is still a small proportion of the total, and it is likely that the UK will move over the long term on to the U.S. pattern in which up to 80 per cent of fleets are non-self-financed. The U.S. experience also suggests that the popular method of financing will turn out to be a mixture of hire purchase and leasing, most conveniently dubbed "operational leasing." Already this method is growing fast in the UK.

Hire purchase, or contract hire, initially became popular with companies because it allowed them to budget for an exact amount each month, leaving concerns about repair, maintenance and subsequent disposal to the hirer. However it was a poor device in cash flow terms because until June 1977 a third of the contract had to be paid in advance and the remainder over two years.

Cautious

At the same time the method tended to be rather expensive, because the hirer would tend to build in a cautious estimate of residual value of the vehicle. If it exceeded the estimate, which was generally the case in an inflationary climate, this added up to extra profit for the hirer.

Meanwhile the leasing boom had taken off in a way illustrated by the figures of the Equipment Leasing Association, which claims to represent 80 per cent of the market. An indication of the rapid growth in leasing is shown by the figures given in the article on leasing in this survey. (These figures are from the Equipment Leasing Association which claims to represent 80 per cent of the market.)

Leasing of cars, when it began, was a way of passing on a 100 per cent capital allowance to the user of a car through low rates paid to the lessor. The change in the rate may have reduced the benefit, although it exists still in the sense that companies which do not have taxable capacity can enjoy the benefits of capital allowances through someone else's capacity.

But there are non-tax benefits to leasing. With payments spread right through the time of ownership there is a clear benefit to cash flow. At the same time the user retains the residual value.

But as more and more companies have come to realise how enormously expensive fleet management is in scarce managerial time and effort, there are now efforts to combine the best of leasing with the best of contract hire. In other words to provide the cash flow benefit and competitive rates without the responsibility for the fleet.

The answer has been the operational lease, in which the lessor provides a full management service. This method of financing fleets has been growing rapidly in the last year or so, with companies entering the field from the U.S., and UK contract hirers hurrying to provide the services.

Under the operational lease, the lessee pays the leasing rental regularly, is billed for repairs and maintenance monthly and retains the residual value. The main expense is the commission, but this is typically smaller than the saving that can be made by using the services of a large specialist with greater buying leverage.

If a company has enough taxable capacity of its own, along with good specialist vehicle fleet management, it may prefer to purchase outright. Often this can be done within cashflow, especially where the level of business has been relatively stable over a number of years. But in many cases new finance will be required—either through taking on debt or issuing equity.

The bank is the first place companies turn to for outside finance. But, while an overdraft is suitable for short-term debt, it may not be the best vehicle for an investment with a life of around five years. So banks may direct customers towards term loans more directly linked to the life of the assets acquired. And it is noticeable how the clearers have followed the lead set by the merchant banks in offering loans at variable rates rather than on the more traditional fixed rates.

A quoted company can try to raise capital directly from shareholders by way of a rights issue. However, shareholders would be suspicious of a company that required cash to maintain its ordinary level of business, and a good past record will be necessary and the company will have to be able to argue that the funds are required for genuine expansion. Otherwise the cost of rights issue in terms of dividend are likely to prove as high as borrowing from a bank.

Ravages

In the current year also, there is likely to be great resort to rights issues from all kinds of British companies as they struggle to renew their capital bases after the ravages of 1980.

More acceptable, perhaps, will be loan stock convertible into equity after a period of years. A number of companies have used this device in 1980—ranging from Rio Tinto Zinc to Arthur Bell—and it is a way in which companies can prevent debt dragging down their capital gearing beyond a definite period.

It seems likely that this device will be more greatly used than that of debentures, a traditional form of debt financing which has been out of favour for a decade, will make a major comeback.

When interest rates fell in the U.S. this summer, many companies hurried to take advantage of rates in the 12 per cent range for corporate debt, and it seems that companies in the UK might also be attracted at this kind of level. But the high level of financing required by the Government in 1981 along with tight institutional liquidity makes it improbable that rates on medium term gilts will fall low enough to allow the debenture market to take off again.

Controversy surrounds the company car

FRINGE BENEFITS

DAVID FREUD

WHEN THE Conservative Government first came into office, one of its major concerns was to improve market mechanisms right the way through the economy. Accordingly early in its life it launched, through the Inland Revenue, a consultative paper which discussed ways of eliminating the distortions caused by the company car system. The main thrust of the paper was that users of company cars should be taxed at a level which reflected realistically the benefit those cars represented to them.

Even at that time, when the economy was still growing and real disposable incomes were expanding rapidly, the proposals were fiercely attacked by, among others, the British Institute of Management and the Confederation of British Industry.

In the event Sir Geoffrey Howe, the Chancellor, seemed to make a major climb-down, postponing any increase in the present unrealistic scales used to assess the value of the benefit to the 1981-82 financial year and restricting that increase to only 20 per cent, which barely reflects a single year's inflation.

Threshold

He did make warnings about getting rid of the £8,500 threshold below which employees do not pay tax on the benefit, but in the throes of the deepest recession in the post-war era any Chancellor may hesitate to make major changes in the way real income is distributed through the economy, especially when many of those who will lose out are likely to be Conservative voters.

The car has been singled out as the main target in the Government's (faltering) attack on the perks system because it estimates that 80 per cent of the total value of fringe benefits are accounted for by the provision of company cars. In the last decade companies have given the use of a car to far more employees, many of whom do not need them in the same way as, for instance, salesmen and representatives. The expansion was hastened by the tax treatment, which makes it more valuable for employees to have a car than the equivalent salary.

About 70 per cent of new cars are now sold to the company sector. The main difficulty in tax terms has been to distinguish between those that are genuine "tools of the trade" and those that are pure fringe benefits. One estimate, from the stockbrokers Simon and Coates, suggests that about half fall into each category.

The Government's case against fringe benefits was put in September 1979 by Sir Geoffrey in a speech. He stated: "Perks are an inefficient and often wasteful way of rewarding effort, and unjust. Some perks are taxed in full, others pay no tax on identical benefits. The whole chaos might almost have been designed to set people enviously against each other, and so to bring our system into contempt."

In the counter-attack the BIM agreed that there was a case for reviewing the whole range of fringe benefits and their taxation. "But any review must be comprehensive—not picking out single benefits—and the implementation of any tax changes resulting from the review should be gradual and linked to a proposed programme of reductions in personal taxation."

In reply, Sir Geoffrey stressed that any substantial increase in the taxation of benefits would be balanced by all-round income tax cuts. So, with a Budget speech approaching in which increases in rates of income tax are more likely than cuts, any further attack this year on fringe benefits is unlikely.

Meanwhile there is no sign at all of the perks system declining in popularity. Recent months have seen retailers issue free bus passes to staff as a perk and companies are still actively looking for new ways to reward key executives. Even before the last Budget, when it appeared that the Government might take an aggressive stance against perks, a survey of 200 public companies found that fewer than 10 per cent of companies were planning to reduce their use of benefits.

There are no precise figures as to how Britain compares with other nations in the provision of cars to company employees, but Britain seems to head the list with ease. According to the research organisation Imbucon, about 80 per cent of senior management use company cars in the UK. In Belgium and the Netherlands the comparable figure is about 50 per cent, while in France it is between 40 and 45 per cent. Lower down the scale about 35 per cent of senior management in Italy and West Germany have company cars, against a figure of 30 per cent in Switzerland and Spain. There are far fewer company cars in the U.S., Australia, Canada and the Scandinavian countries.

In most other developed countries, employees are taxed directly on the benefit of the private mileage in a company car. This is usually done by establishing the proportion of private to total mileage and assessing the benefit as this proportion of the overall standing charge and running cost of the car. This method gets over the problem of assuming a flat-rate benefit for those who use the car mainly as a "tool of the trade."

Standard

The UK used the proportional method until 1976. By then, however, the number of cars was growing so fast that the Government adopted a standard scale of benefit for administrative simplicity. Two other countries have also tinkered with this system. Australia introduced a "standby value" similar to the UK scale in 1974 and repealed it before it went into effect. In Ireland there were also attempts to make special rules for administrative simplicity. Scales were used in 1976/77 and 1977/78 before being abandoned. Most countries follow the U.S. pattern in adding on the fair market value of the benefit to salaries for tax purposes.

The consequences of a wholesale change in the UK to a system where a realistic scale of benefit was used, the threshold dropped and company petrol provided for private motoring taxed, would be dramatic.

Penetration

Simon and Coates say full implementation would reduce the number of new cars sold by 10 per cent and push down the level of ownership from one car for every 3.92 people to one car for every 4.15 people by the mid-1980s. The decline would be biased against local manufacturers, producing a significant acceleration in import penetration, already running in excess of 50 per cent.

Naturally there would be serious implications for output in the UK, with both the car assembly industry and components manufacturers hard-hit. The economist's answer is that the hardship of the particular section of industry is to the benefit of the overall economy, since money directed artificially to this sector would be redirected to match more genuine requirements of the community.

On the other hand, the deep current recession in the motor industry makes it hard for any Government to deal it a further blow, especially when the Government itself will be a major casualty through its shareholding in BL.

So it looks as if the Government attack on perks will be muted—at least until there is some vigour in the economy. And even if the tax system is changed to reduce the benefits of perks it may well be that they have taken root too strongly in the UK to be eradicated easily.

After all, tax is not the only element sustaining the perks system. Companies also find them useful as a disincentive to executives leaving them. Losing the company car, as well as unscrambling cheap loans and educational support for children, makes moving on more complicated than it would otherwise be.

PROFILE

Swan National

Swan National directors Mr. Len Clayton (left) and Mr. Ian Mosley

SWAN NATIONAL, formed in 1973, is one of Britain's major car rental and fleet hire organisations and the largest private purchaser of Ford cars.

Swan National Car Rental provides the short-term hire of cars and vans from 85 offices, with service at all major airports.

Through its association with InterRent, which claims to be the largest car rental company in Europe, and with Dollar Rent-a-Car, the large U.S. company, it can offer a worldwide service by means of a central reservations office.

Over 60 per cent of its business comes from the business community. It offers a wide range of cars, usually under nine months old, "one-way" rental facilities, central reservations, central billing and rates which, it claims, are consistently lower than those of its competitors.

Swan National is owned by United Dominions Trust and is the holding company for two principal operating companies, Swan National Rentals and Swan National Leasing.

The leasing company provides cars of any make for company fleets of any size on contract hire for a fixed term, normally two or three years, for a fixed term, normally two or three years, for a monthly rental which includes the cost of maintenance, Road Fund Tax and the provision through Swan National Rentals of a substitute vehicle in the case of breakdown or damage to the original car.

It aims to replace the client's transport department and to manage the fleet on behalf of the customer.

In addition to its operating service it offers experience and expertise in buying and selling vehicles, and vehicles purchased at high fleet discounts, which are reflected in the rentals it charges.

Disclosure

A feature of Swan National Leasing's relationship with its customers is its policy of complete disclosure of the calculations upon which rental are based.

Mr. Len Clayton, Swan National's sales director, says that "far too much emphasis has been placed in recent times on Corporation Tax advantages, and the cheapest initial cost. Even now, many fleet operators ignore the largest cost item of all, net depreciation. Choosing the right car in the first place is still the biggest cost saving of all, whether you buy or contract hire.

"From a rag-bag industry characterised by muddled thinking and sharp practice in the matter of initial quotations, there is now emerging a small number of large, professional contract hire fleet operators who are at long last beginning to supply not what they would like, to sell, but what their customer needs, namely service of a high order, allied to professional advice and guidance in the matter of motor cors.

"These needs can be summarised as impartial guidance; motor industry knowledge; alternative finacing; removal of risks; commitment to fleet matters; and continuity of supply."

Mr. Clayton believes that the current development of fleet management, has come into being "only because contract hire companies have not, in the past, done their job with sufficient professionalism."

A good contract hire operator offers everything that a fleet management company can offer with the notable additional benefit of the removal of risk from the customer, he adds.

Mr. Ian Mosley, Swan National Leasing's managing director, concludes that "at the end of the day, the optimum cost is produced for the customer by buying well, financing well, and then selling well, leaving the customer free of risk."

PROFILE

Ryder Truck Rental

RYDER TRUCK RENTAL started in the UK in 1971 and received its first main boost when it took over the long-established company, Fisher Renwick Services. Ryder benefited from being part of the United States Ryder group, the largest commercial contract hire fleet operators in the world.

The company says it can take on all responsibilities of a company's transport while providing individual companies with their own vehicles scheduling and taking on responsibilities for capital investment, purchase, maintenance, running costs, administration and handling government inspection tests.

Ryder's annual turnover this year is estimated at between £10m and £12m. The average capital cost of the commercial vehicles it contracts out is between £10,000 and £12,000, although costs vary from £4,000 to £50,000-plus.

Ryder operates two major depots in London and Manchester and four district offices. It has a fleet of 2,000 vehicles, 70 per cent of which are on contract. The contract side of the business has grown by 15 per cent this year although the rental side has remained fairly static because of the recession. Customers include companies in the furniture, chemical and food industries.

Ryder now offers companies advice on managing their own vehicle fleets. Like the Ryder contract hire agreement, customers are charged a standard fixed cost, plus a nominal cost per mile. Consultancy work is an important part of the business, Ryder says, covering services such as vehicle design, maintenance, warehousing, and work study.

PROFILE

Interleasing (UK)

IN THE four years since Hanger Vehicle Rentals became Interleasing (UK)—the contract hire, leasing and fleet management arm of the Hanger Group—the company reports "spectacular growth."

Interleasing's combined fleet, including its sister company, Interleasing Truck Rental, has risen from 3,000 in 1976 to more than 11,000 today.

Interleasing's fleet is 95 per cent contract hire.

The company's fleet management operation was launched in October, 1979. In July last year it was managing a fleet of 700 vehicles, but later contracts swelled the number to 2,800 by the end of September.

The Interleasing Europa Consortium, of which Interleasing (UK) is a part, claims to be the largest organisation of its kind in Europe, with more than 40,000 vehicles on lease.

You'll get more out of a fleet of Talbot Solaras.

More MPG.

The figures speak for themselves.

OFFICIAL DOE FUEL CONSUMPTION FIGURES	Steady 56mph		Steady 75mph		Urban Driving	
	MPG	L/100km	MPG	L/100km	MPG	L/100km
Solara 1.6GL	43.5	6.5	31.7	8.9	29.7	9.5
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We're so confident of the reliability of the Solara 1.6 GL, that we offer the double cover of a 12 months' unlimited mileage warranty, plus our "Extra Care Policy" which offers free replacement of six major wear items.

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Because of our well-planned maintenance, the Talbot Solara (indeed every Talbot car) should remain in top condition regardless of its mileage.

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One of the many advantages of Solara's front wheel drive is the extra roominess it creates inside the car, and the increased freedom of leg movement it allows. (Of course our front wheel drive also makes a hefty contribution to the Solara's fuel economy figures.)

To ensure a smooth ride we've also added independent suspension, and as a luxury touch there's cosy cloth seats.

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ON THE MOVE

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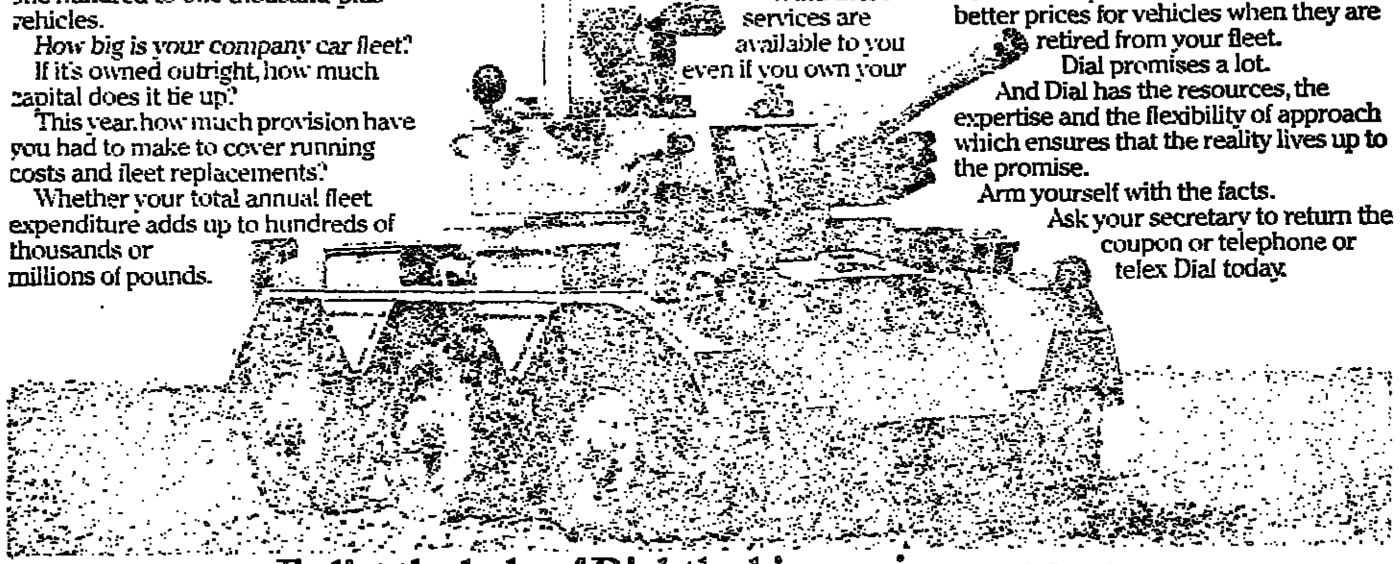

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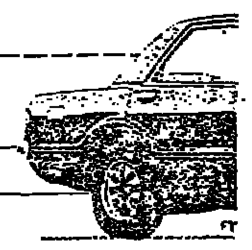

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Ford dominates the UK's car fleet business

MANUFACTURERS' VIEWPOINTS

KENNETH GOODING

Sir Michael Edwardes, BL's chairman, has stressed that the LC10-AM2 "family" is even more important to BL than the Metro—an opinion shared by BL dealers.

Mr. Sam Toy, chairman of Ford Britain said that customers for the Fiesta Popular ranged across a wide spectrum from retired couples to company representatives.

Mr. George Turnbull, Talbot's chairman, has approached the groups many suppliers in the UK, suggesting that they consider reciprocating by putting Talbot cars in their fleets.

FORD DOMINATES the car fleet business in Britain. Around six out of every ten of the 460,000 cars it sold in Britain in 1980 went to major fleet customers, defined by Ford as those with more than 25 cars. That indicates fleet car sales were worth well over £1bn to the group last year.

Ford insists that a key factor in its success was its big dealer network of around 1,240 which, it claims, puts every customer within five miles of a Ford dealer. BL agrees with this point of view and argues that it is the only group potentially capable of really denting Ford's position because its 1,750-strong network puts it on a par with Ford, in geographic coverage of Britain.

Mr. Ray Horrocks, managing director of BL Cars, maintains: "Many fleet operators would welcome a good competitor to the Cortina. Some fleets are worried about their reliance on Ford—particularly about the disposal of second-hand cars.

"There is a very good opportunity for a good competitor. And the only company with the dealer network to support that fleet business is BL."

Certainly the Cortina is the vehicle which gives Ford its prominence in the fleet business. In 1979 some 193,784 new Cortinas were registered in the UK, giving it more than 11 per cent of total sales. The BL dealers can hardly wait to get their hands on a "Cortina-basher." The Morris Ital, based heavily on the old Marina, is doing reasonably well but it is not the complete answer.

BL solution

BL believes it has the solution in the LC10 "family" of medium-sized cars it hopes to launch in 1984 and 1985. However, the LC10 itself is a hatchback and unlikely to appeal particularly to the fleets because for some reason they prefer cars with boots. The second member of the "family," code named AM2, is a booted version. An AM2X, luxury edition, is also planned.

Sir Michael Edwardes, BL's chairman, has stressed that the LC10-AM2 "family" is "even more important to BL than the Metro." This opinion is shared by the BL dealers who for the first time put formal pressure on Sir Keith Joseph, Industry Secretary, and his Department urging Government acceptance of the 1981 corporate plan drawn up by the BL Board.

In particular the dealers urged Sir Keith to commit all the money required for LC10-AM2. Mr. Ian Appleyard, chairman of the BL dealers' council at the time (his appointment ended on January 1) commented: "The successful launch of the Metro has raised morale among the dealers. But Metro is only a life-support machine for them until the LC10 comes along.

"LC10 models will compete in a large and profitable part of the market and they will enable us to challenge Ford strongly for company fleet business. We need clear assurances from the Government that there will be an LC10."

Of course there is more to Ford's success in the car fleet business than its large dealer network. The group is very keen to ensure that all its dealers are trained to cope with fleet business, which is very different from dealing with private customers.

To sell to a corporation the salesman needs to be a specialist who is capable of selling in a business-industrial environment and who can understand his customers' business problems. This requires an investment in time and money as well as in training. And while Ford, like all other UK-based manufacturers, leaves its dealers to handle the formalities of any sale, it tries to provide the right price structure and value-for-money features for its cars.

In this context, the group invites a number of fleet managers to get involved when any new product is on it's way so that these experts can give the benefit of their experience. Thus Ford attempts to incorporate the fleet manager's requirements during the design and development stage.

This consultation process was carried out during the development of Ford's new front-wheel-drive Escort even though it was a "world car" which is sold, in various versions, in most major markets. And currently the British fleet customers are giving their opinions about the replacement for the Cortina—surely the most important vehicle in Ford of Britain's history—due to take to the roads of Europe in about 18 months' time.

At the other end of the market, Ford does its utmost to protect second-hand values of its vehicles. It encourages dealers to persuade fleet customers to spread purchases throughout the year so that not too many second-hand cars come onto the market at any one time to depress prices.

This protection of used-car values is the main reason Ford could not get embroiled in tit-for-tat retaliation when BL cut its list prices last year. A £500 cut from the list price of a car might attract some extra new-car customers, but it also plays havoc with the second-hand values of that particular model. Because the fleet car is such an important part of the overall new car market in Britain—about 70 per cent of registrations are "company" vehicles when "perk" cars are added to those essential to corporate operations — it is extremely difficult for any manufacturer to make significant market-share progress without picking up some reasonable fleet business.

For example, it is generally agreed that Vauxhall, the General Motors' subsidiary has developed the most attractive range of models it has ever produced. But it has never captured the share of the market the range apparently deserves because so far it has failed to find the right formula to improve its position in the fleets.

Key element

One essential element required for fleet success is a range which covers as much of the market as possible. Ford, again, reckons it has cars suitable for everyone in a corporation who needs one—from the trainee sales "rep" to the chairman of the board.

Vauxhall has filled all the gaps, even the "trainee rep" vehicle was made availble with the cut-price Chevette introduced at the Birmingham Motor Show in October.

Ford has made sure it remains covered in this bottom-of-the-range territory even though the introduction of the new Escort has robbed it of the Popular. The Popular name has been resurrected smartly, this time to adorn a cut-price Fiesta. Mr. Sam Toy, chairman of Ford of Britain, said at the launch of the Fiesta Popular that customers for such a vehicle ranged across a wide spectrum from the retired couple to the insurance companies whose main criteria when choosing a "rep's" car seems to be the list price.

Another UK-based manufacturer, Talbot, has also been finding it difficult to dent Ford's position in the fleet market. Mr. Filmer Paradise, the marketing director, admitted as much recently when questioned about the apparent failure of the Talbot Solara to achieve its sales targets. The Solara is based on the Alpine hatchback but is a three-box car of the type fleets prefer. Its appearance on the scene last summer gave Talbot good reason to do some heavy selling to potential fleet customers.

Mr. George Turnbull, chairman, himself approached Talbot's many suppliers in the UK—where the group buys about £400m-worth of materials and parts annually—suggesting that they consider reciprocating by putting Talbot cars on their fleets. Late last year Talbot filled the final gap in its line-up by adding the top-of-the-range Tagora to its line-up.

All this activity means Ford cannot sit on its laurels, and the company faces potential future dangers because of its dominant position in the fleet business. The present Government wants companies to eliminate "perk" cars from the incentives they offer employees. In return—so the theory goes—the Government would cut personal taxation so as to allow employees to keep more of the money they earn to dispose of as they wish. It is certain that, if more people had the freedom to choose, not so many would choose Cortinas.

Ford already has had a taste of how changing circumstances can hit hard. Last year the UK hire fleets cut back savagely on the numbers of new big cars they acquired. Customers simply did not ask for them—not even the Americans—because they are now becoming more aware of the need for fuel conservation. Ford's Granada was the preferred big car among the hire fleets. So its sales plummetted by more than 40 per cent — and the Granada was the car on which Ford made the most profit.

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PROFILE

Contract Services

CONTRACT SERVICES, a specialised division within the National Carriers group, aims to provide the advantages of vehicle ownership without the need for clients to provide capital investment or operational support.

The system can be as flexible as the customer needs it to be. A company can contract one vehicle or a complete distribution system, including vehicles, warehousing and staff.

Contract Services supplies vehicles built to companies' requirements and painted in their own livery. Monthly payments allow for accurate budgeting and companies can even release capital by selling their existing vehicles to National Carriers and contracting them back. Full operational support can also be provided.

Contracts vary considerably—however, one third of Contract Services' customers have less than three vehicles.

Examples of larger clients include Volkswagen (parts and accessories are delivered in Contract Services' trucks, painted in VW livery); Rowntree-Mackintosh, sited in Plymouth, contracts CS vehicles and drivers; and Kellogg receives a regional distribution service for its cereals.

Other well-known companies using Contract Services include Woolworth, Lever Industrial, Cimco International and Soda Stream.

A National Carriers' contract includes full insurance cover. The group has more than 80 branches throughout the UK—this means that contract vehicles have plenty of over-night parking, which, in turn, could mean lower "goods in transit" insurance premiums.

PROFILE

Heron

VARIOUS interpretations of the 1979 Budget's effects caused many companies to re-investigate the viability of leasing company cars.

Heron, one of the largest leasing companies in Britain, admits that its customers were no exception—but adds that no client company has stopped dealing with Heron since the Budget changes. Many major companies lease from Heron, which also has more than 1,000 smaller businesses among its clients.

The Wembley-based company, which has more than 6,000 vehicles on lease, argues that leasing is still one of the cheapest methods of vehicle acquisition when compared to hire or outright purchase and has issued an accountants' guide with cash-flow comparisons, to prove its case.

Heron's Fleet Management Plan, launched in 1977, offers a service incorporating vehicle supply, controlled maintenance costs, replacement cars and used-car disposal. A computer monitors all costs, and service engineers oversee the total operation.

Heron proposes the vehicles most suitable for customers' needs and advises on how long they should be operated. The choice is wide, since Heron is enfranchised to supply all models of Rolls-Royce, Ford, Vauxhall, Talbot, Citroen, Fiat, Peugeot, Suzuki, Mazda and the full BL range.

Companies starting a fleet plan have no need to scrap their existing fleet and start again from scratch. For most clients, a plan begins by including all vehicles currently being operated. Heron will assume management control and provide new vehicles as they are needed. Outright purchase, finance lease, contract/lease purchase and hire purchase are all available.

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PROFILE

Budget

WITH A turnover approaching £11m a year, Budget Rent a Car (UK) is now operating from more than 130 offices and running a fleet of 7,000 vehicles.

Budget, which rents cars, vans and trucks, operates a vehicle rental programme for companies, called Corp Rate. This offers services such as a flexible invoicing system with choice of payment methods, ranging from an individual credit card to a master account number.

Corp Rate cars are rarely over nine months old; the fast-growing programme also offers access to worldwide central reservations; and, the group claims, rates can be as much as 25 per cent cheaper than other international car rental companies.

The Budget system was founded in the U.S. in 1958, with a fleet of 48 cars in Los Angeles. Budget's first European office opened in Zurich in 1966. In 1969, the company became a subsidiary of the Transamerica Corporation.

The Budget system is claimed to be the world's third largest vehicle rental network, with more than 1,750 offices in 72 countries, operating a peak fleet of 120,000 vehicles.

For 20 years, Budget has operated a franchise system; within the franchise fee, the company includes an office opening package which provides the licensee with all the items and supervision needed to commence trading in vehicle rental as Budget Rent a Car licensee.

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The rating of risks varies widely

INSURANCE

ERIC SHORT

THE CURRENT recession is putting fleet operators under considerable financial pressure. Naturally, they are looking at all means of saving on their cash outflow. One such obvious area is pruning the costs of insuring the vehicles in their fleet.

The obvious course for the operator is to insure for only the basic legal requirements needed towards third party liability. The operator could carry the other risks of fire, theft and accident. The theme is to self-insure all possible risks beyond the bare legal minimum. On paper, the cost savings can make such a course look attractive.

For every £1 received by the insurers in premiums, they pay out around 65-70p in claims. The rest of the money is used up in administration costs, transfers to reserves and profit (if any) for the insurer. There would appear to be a theoretical saving of 30-35 per cent by self-insurance, a cost saving that is very significant in these recessionary times.

However, the practicalities of self-insurance can be very different from these theoretical calculations which look neat on paper. The insurers, covering many fleets, can spread their experience widely. Indeed, the spreading of risk is one of the basic tenets of insurance. The individual operator, especially the smaller one, could find himself facing a heavy number of claims that would result in undue pressure on his cash resources.

Inflation

The sums at risk for individual vehicles are rising steadily with inflation. A 32-ton vehicle is now costing in the region of £20,000-£30,000. A refrigerated vehicle or a glass lined tanker could cost up to £50,000. Court awards for personal injury are now reaching £100,000.

The fleet operator needs to ensure that a series of accidents does not put him out of business. Thus in a recession, having full insurance cover on a comprehensive basis could be even more necessary. Leading insurance brokers in this field are finding that their clients fully understand this message and are not seeking to cut corners.

Secondly, the rating of risks in fleet insurance differs widely from the small operator, with just a few vehicles, to the major company with thousands of vehicles. The small operator will be charged premiums on a rating system that is familiar to private motorists. The premiums charged will depend on the make of lorry, the areas of operation and other relevant factors.

But once the fleet grows to a larger size, then the rating moves on to an individual basis, reflecting the claims experience of that fleet, usually over the preceding three years. The risks involved are greater than with a private car. The vehicles are in constant use, often with drivers working on a shift system.

The rating will depend on many factors, the most important being the size of the fleet, the extent of the operations and the nature of the business. Inflation, as always, is the main underlying factor in the rating assessment. Motor claims costs tend to rise faster than price inflation.

Competition for this type of business is keen, with the insurers being attracted by the large amount of premium income generated. This produces useful amounts of investment income, especially in these days of high interest rates. This competition ensures that rates do not run away and that the fleet operator is getting a good deal from the insurers.

Premiums

For the larger fleet operator, it means that the premiums he pays relate directly to the claims he is making. The excess on the claim—that part of the claim which the operator has to carry—cuts out small claims and keep premiums down. It dilutes any advantage that can be obtained with self-insurance for the operator with a favourable claims experience. His premiums are lower anyway.

Finally, the introduction at the beginning of 1980 by the insurers of partial indemnity has added another factor in comparing the costs of self-insurance and fully comprehensive cover.

Under this arrangement, the insurer has to pay half the cost of the insured damage in the other vehicle involved in an accident where the fleet registered vehicles has only third party cover or third party fire and theft. This payment has to be made irrespective of blame for the accident. If the insurance is comprehensive, then the insurer has to pay half the cost of any excess of £100 or more in addition to his normal liability.

Partial indemnity does not apply to accidents involving more than two vehicles, nor to motor trade risks, or where claims are for less than £50.

The question of the application of partial indemnity is a vexed one. It is proving difficult and complicated to work in practice and has thrown up a number of problems. It was introduced by insurers to stop the private motorist subsidising the fleet operator. Opinion varies on whether this is the best method of doing this or even on the need for such a system.

But it does mean that insurers are charging higher premiums under third party and third party, fire and theft insurances to meet the cost of paying partial indemnity claims. This narrows the premiums between such insurances and fully comprehensive.

Nevertheless, these factors do not mean that fleet operators should not self-insure the non-legal liability risks. But it does mean that any decision needs to be considered very carefully and after taking expert guidance. The major insurance brokers now offer advice on risk management and self-insurance. Their services extend far beyond the traditional broking role.

But the fleet operator could well make significant cost savings if he is willing to carry the first part of any claim costs—technically known as excesses. Thus if the comprehensive insurance has an excess of £100, then the operator pays the first £100 of any claim. With an excess, the insurer avoids the bother and expense of handling small claims, where unit costs are high. In return for taking an excess, the operator has his premium rates reduced.

Thus with an excess the operator is insuring the costs of replacing a vehicle should it be severely damaged, but not the cost of replacing a damaged wing mirror. It can be a useful cost cutting exercise provided the right level of excess is chosen. Again this is a decision that has to be taken carefully and one on which insurance brokers can provide expert guidance.

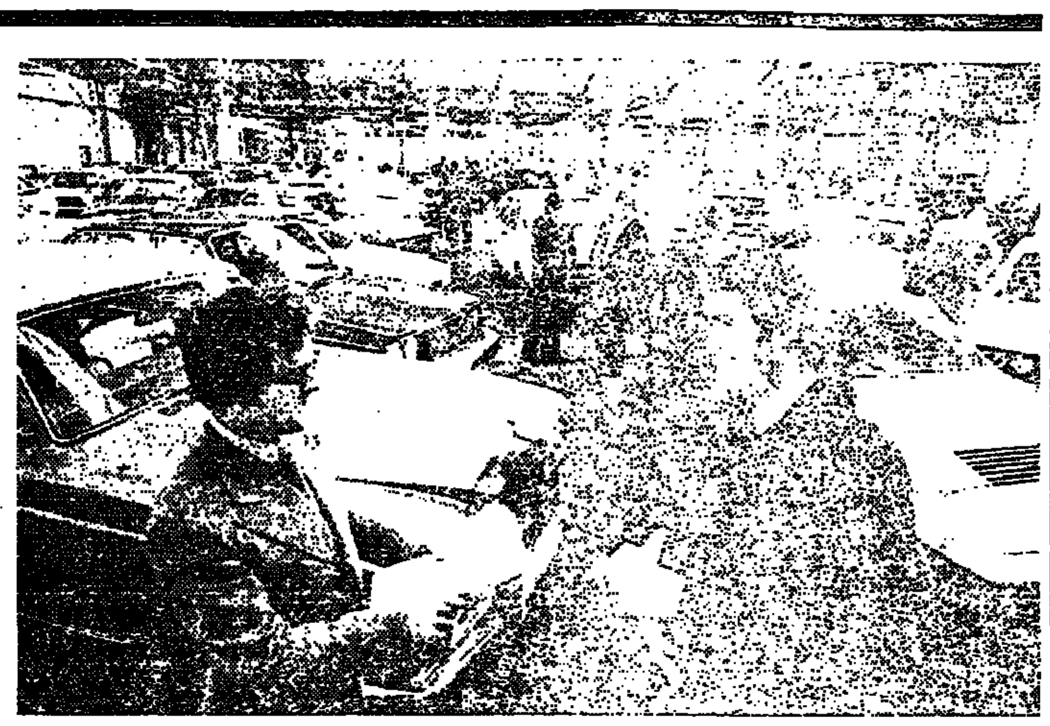
These days, operators are extending their areas of operation as far as the Middle East. Insurers issue green cards in the normal way and the operator should ensure that the insurance arranged covers risks overseas just as it covers risks in the UK. The brokers would regard it as their responsibility to do this as part of their service to clients.

The multinational nature of British insurers, both companies and Lloyd's, means that they are familiar with insurance requirements overseas and have a network of local agents that can deal with claims virtually on the spot.

The insurance of the contents of the vehicle—goods in transit insurance—is a separate insurance needed by the operator. He needs to cover the loss or damage of goods while being transported by his vehicles and he needs to cover his liability towards the owner of the goods being carried.

Theft is one major risk of goods in transit, and the mid-1970s saw such thefts rise to alarming proportions. The use of anti-theft devices and the imposition of warranties to ensure drivers leave lorries in lorry parks overnight, has reduced the numbers of thefts considerably.

Again, rating tends to be on an experience basis and this is a very competitive market with rates being cut to the bone in the scramble to win or retain business.



More than 1,000 vehicles a week are auctioned at BCA's Enfield branch. Above, Mr. David Beardsley, branch director, right, with senior auctioneer, Mr. Fabian Hine.

PROFILE

British Car Auctions

WHAT is claimed to be the largest used vehicle auction business in the world is operated by the British Car Auction Group. Last year, more than half a million vehicles will pass through the auctions of BCA branches, of which there are 13 throughout Britain.

The group, which has headquarters at Farnham, Surrey, holds 125 auctions each month for vehicles mainly entered by the motor trade and fleet operators and manufacturers. Buyers are mainly from the trade, but there is also a growing attendance among private motorists, both for selling and buying vehicles.

More than 36,000 members of the motor trade are registered to do business at BCA auctions. Over 3,000 companies, including most of the "The Times" Top Hundred take advantage of BCA's services for surplus fleet vehicle disposal.

The group has a special division which deals with public authorities—it sells vehicles for 33 county councils, 146 district councils, 32 London boroughs and for the GLC and police departments.

Locations for BCA auctions include Edinburgh, Blackpool, Birmingham, Brighouse, Cardiff, Enfield, Farnborough, Leighton Buzzard, Manchester, Measham, Nottingham, Tewkesbury and Tunbridge Wells.

PROFILE

Marley

THE MARLEY group of building product companies has been involved informally in the vehicle leasing business for several years, either through internal leasing for component companies or for customers. Marley set up a separate vehicle leasing company last year which it viewed as a natural development from Marley Transport.

Marley Vehicle Leasing operates from Sevenoaks and has a fleet of about 3,500 vehicles based at Sevenoaks and Burton on Trent. A third of the contract leasing business is in house.

Marley have invested approximately £30m in its leasing operations over the past two years and there are plans for a further £30m to be spent over the next two years. It represents one of the main areas of investment for the group.

The majority of Marley's customers are in the manufacturing sector. The company has a specially trained team of regional field engineers which provides a technical liaison with customers.

At the same time, the company is attaching great importance to fleet managements for other companies. Marley believes that the great purchasing power it has enables customers to obtain the best possible deal by using management services which handle all the technical details of running a fleet.

PROFILE

Kenning

THE KENNING Motor Group first started hiring out cars in 1912. Among its first customers were Shell and BP oil groups and in 1936 a separate contract hire company was established.

This year the Kenning Contract Hire company has 12,000 vehicles based at 300 depots in the UK, the Republic of Ireland and Zimbabwe, and is involved in every form of leasing, contract hire, finance lease with an optional purchase scheme, and a variety of schemes involving a choice of maintenance.

About 80 per cent of business is for contract hire with full maintenance. That proportion of the business is growing and the company believes the future long-term prospects for contract hire are very promising. This year turnover is expected to be around £8m and the company has 150 contracts at present.

Like many other operators, Kenning believes that when the upturn in the economy takes place there could well be a shortage of vehicles available for contract hire. It believes that customers should be offered a wide choice and the vehicles it has available include all the main British and Continental models.

PROFILE

Guy Salmon

GUY SALMON, one of Britain's most successful up-market car rental companies, is now expanding its activities in response to some of the problems created by recession.

Having recently set up a branch in Birmingham, the London-based company is also selling its services through offices in Los Angeles and Washington, with the intention of increasing its share of the considerable U.S. visitor market.

The company set up its rental subsidiary in the late 1960s, concentrating on providing quality cars for company executives while their own were being serviced or repaired. About 10 per cent of its business now comes direct from overseas bookings and another 10 per cent indirectly.

Mr. Richard Guy Salmon, son of the company's founder, pointed out that the strength of sterling has created the need for more forceful marketing abroad.

With around 500 cars on its books, of which perhaps 100 are in the luxury class, the company has a policy of providing low mileage vehicles in good condition, since it believes this is what businessmen want.

The remainder of its fleet is made up largely of Rovers and Ford Granadas, and it also operates a "wholesale" service, providing quality cars for other rental companies.

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For this person Saab must be right. There's no doubt that the new Saab 900 Sedan with it's new sleek styling has some very individual looks.

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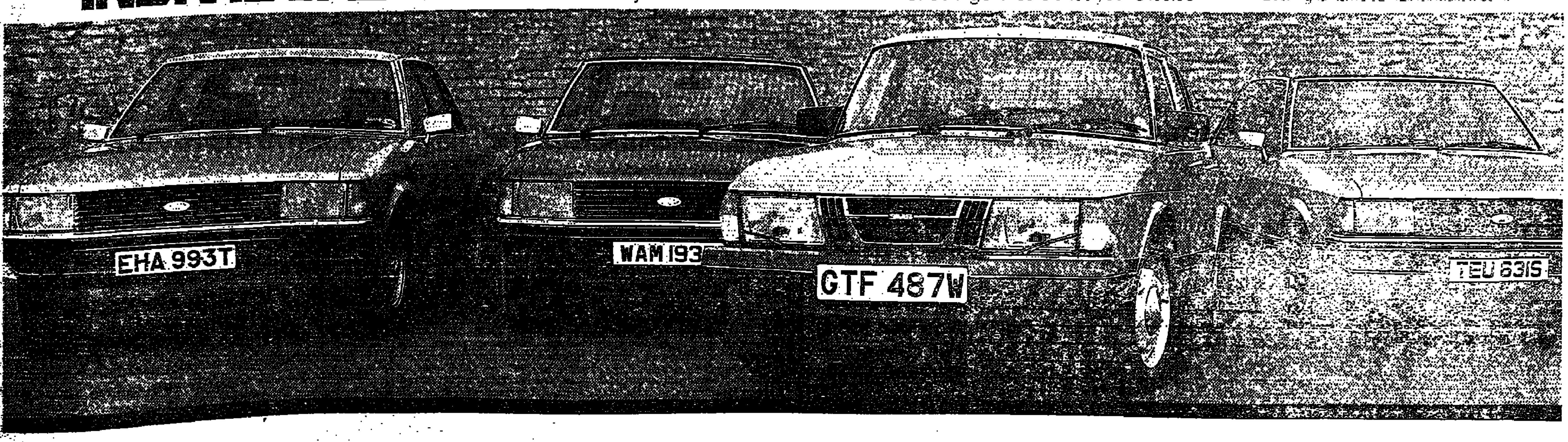
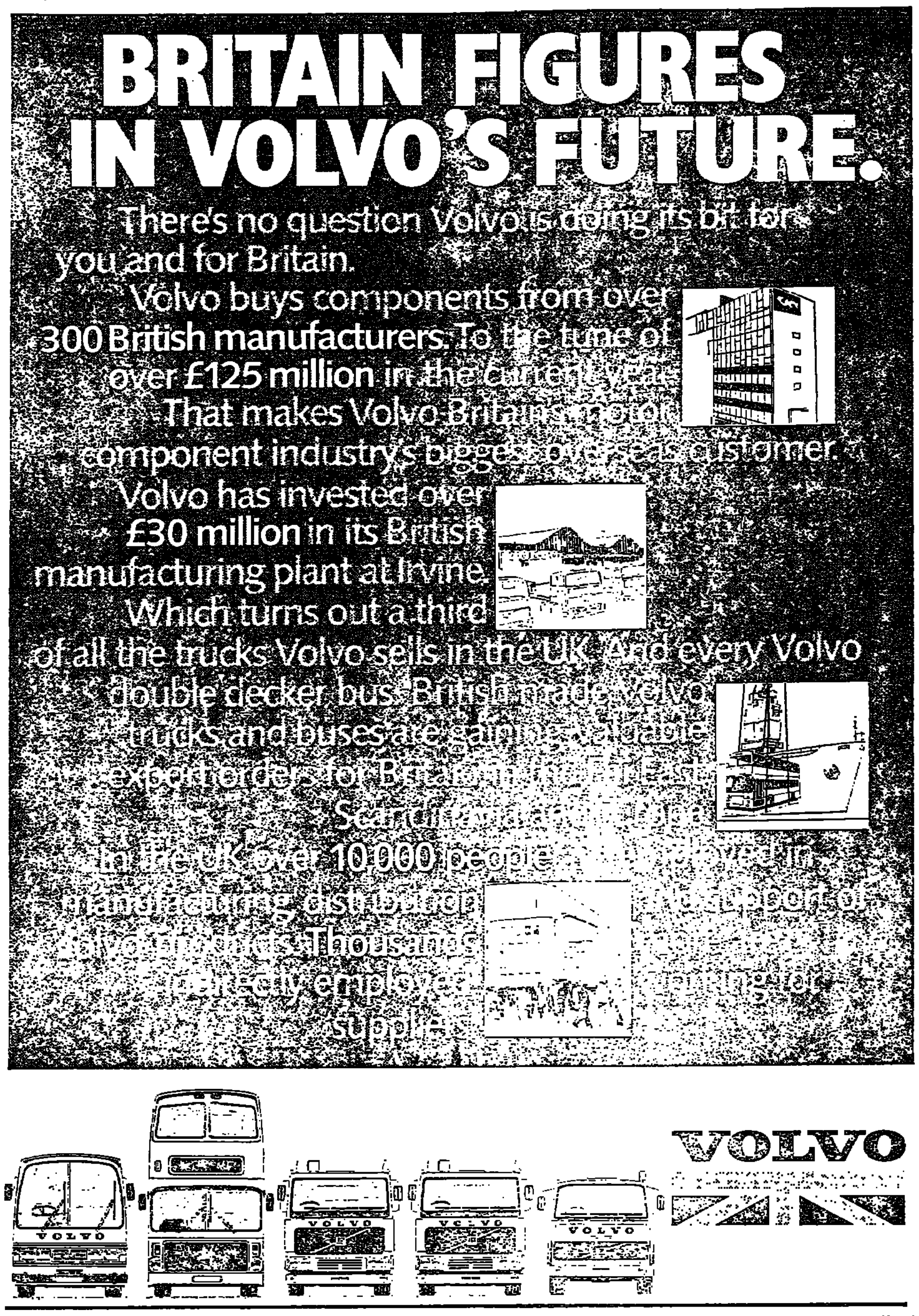
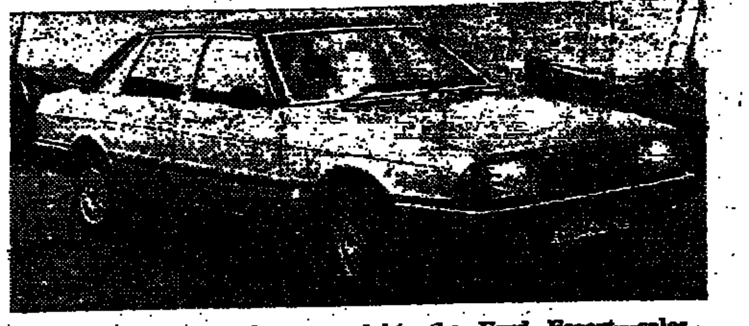






Top, left: the BL Metro—output was well ahead of target until the latest strike; top right, the Ford Escort—sales picking up strongly; lower left, the Ford Cortina, still the fleet leader; lower right, Talbot Solara, the principal fleet market contender.

Here and on the following page, JOHN GRIFFITHS looks at some of the main contenders in the company car fleet sector.

A big upheaval in the new car market

THERE HAS been more upheaval in the new car market in 1980 than for many years. It has been an exceptionally good year for the introduction of new models—many of importance to the fleet market. But it has been a very poor year for the companies which make them, with little prospect of any substantial upturn until 1982.

The effect of the steep drop in demand—200,000 fewer cars will be sold this year than 1979's record 1.71m—is fully apparent in the wave of discounting and special offers which in the end has done little for manufacturers' profitability even if it has helped shift expensively financed stocks.

For the fleet manager there has been the opportunity to do some highly attractive deals, at least in terms of initial purchase price—but at the risk of lower residual values when next a fleet is changed.

Through all the upheaval, Ford's tight grip on the fleet market in no way appears to have been loosened.

The Cortina remains indisputably the market leader. It has consistently been Britain's best selling car, taking 12½ per cent of the market in the first 11 months of this year of which, on Ford's estimate, about 70 per cent went to the fleet sector.

According to the latest survey by Sales Force, in the biggest single sector—covering salesmen's cars—Ford maintained a 68 per cent share, with BL a distant second at 12 per cent and Vauxhall and Talbot vying with each other around the 9 per cent level.

The picture is more competitive at the top end of the market, with BL executive cars such as the Jaguar and Rover holding a slight lead over Ford's Granada, and the two companies between them taking about two-thirds of the market.

The most notable feature of the year, however, has been the general shift downwards in the size of cars bought as recession has bitten deeper and fuel economy consciousness increased. In Ford's case it has been the Granada which has taken a hammering, although with few exceptions all larger cars have suffered a fall in sales.

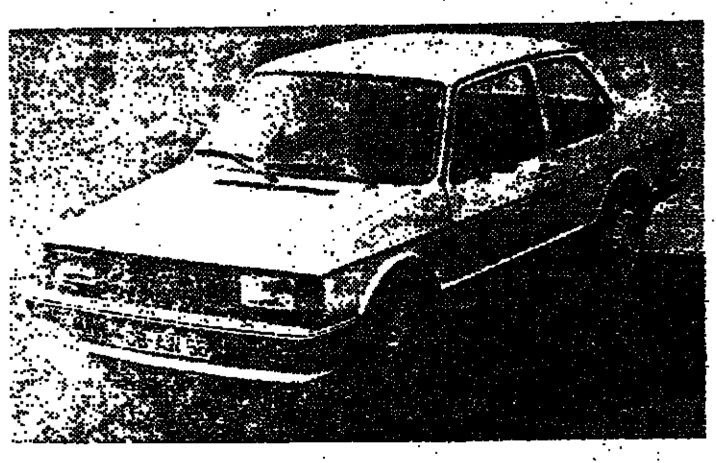
Alternatives

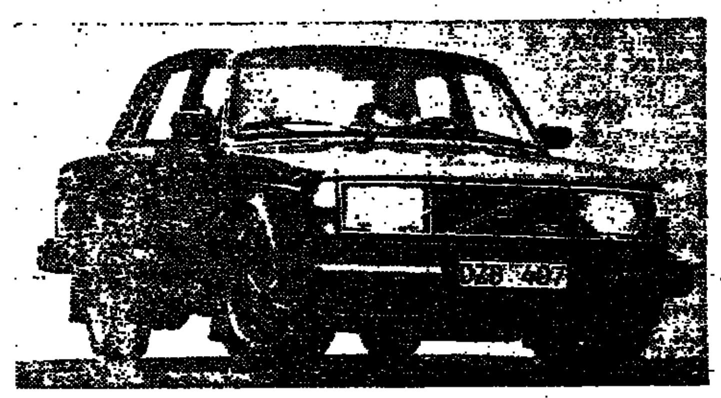
The bulk of those lost sales have gone to up-market versions of the Cortina. But at the same time cheaper Cortina models have been lost to the Escort, in particular the new front wheel drive model which replaced the "conventional" rear wheel drive Escort in September.

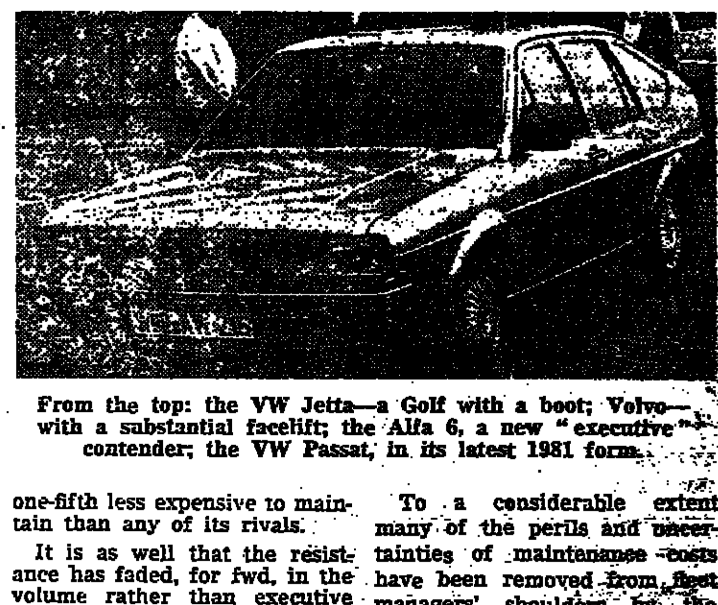
The result is that the Cortina's fleet share is virtually unaffected, while the cheaper end of the market has gained. The Escort—about half the sales go to fleets—has edged up its share of the total market by 0.3 per cent to 7.9 per cent, despite the phasing out of the basically 13-year-old rear wheel drive model which could have been expected to lose sales. There is also the fact that the impetus from the new front wheel drive model launched in September has yet to work its way into the marketplace. The new model is selling well, particularly to hire fleets, whose owners so far have ordered 5,000 worth £18m in the showroom.

Equally indicative of the trend, the small hatchback Fiesta—which when introduced by Ford in the mid-70s was not expected to play any significant fleet role—now has 25 per cent of sales in the sector. BL is raising its fleet sales sights with its new Metro.

What is clear is that the resistance of highly cost-conscious fleet managers to the apparent complexities of front wheel drive, if not quite gone, is fast disappearing. To hammer home the message that front wheel drive does not necessarily mean increased maintenance costs, Ford, when it launched the new Escort, produced detailed figures to support a claim that over 50,000 miles it should be one-fifth less expensive to maintain than any of its rivals.







From the top: the VW Jetta—a Golf with a boot; Volvo—with a substantial facelift; the Alfa 6, a new "executive" contender; the VW Passat, in its latest 1981 form.

It is as well that the resistance has faded, for fwd, in the volume rather than executive fleet market, is rapidly becoming the norm. BL's main but not very successful rival to the Cortina, the Ital, nee Marina (it took 3.1 per cent of the market in November) is rear-wheel-drive like the Cortina. But its scheduled replacement—the LC 10 due in 1982—will be fwd; General Motors' Vauxhall Cavalier/Opel Ascona gives way to the fwd J-car in the spring; the other UK-built rivals, Talbot's Alpine and Solara and BL's Princess—the price of which was restructured in the spring to make it more competitive with the Cortina—are fwd, as are the bulk of the European imports which have been aspiring to a share of the UK fleet market, notably the Renault R18 which has occasionally crept into the monthly list of "top 10" best sellers during this year.

In the end, Ford is likely to wind up being alone in this all-important sector in sticking to rear wheel drive, as it intends to do with the Cortina replacement, code-named Toni, likely to appear in 1983. Part of its reasoning is that in cars of this size, the space savings available with fwd fade in importance, while the extra weight compared with the lighter fwd hatchbacks can lead to less desirable driving road characteristics. Nevertheless, the decision has raised more than a few eyebrows.

To a considerable extent many of the perils and uncertainties of maintenance costs have been removed from fleet managers' shoulders by the introduction of extended warranty schemes. BL led the way with its "supercover" scheme some years ago, and most other major manufacturers have gradually followed suit.

Ford was one of the last to fall into line, launching in September its "Extra Cover" scheme providing a parts and labour warranty on all major mechanical and electrical components and assemblies, including towing-in charges, emergency accommodation and hire of a substitute car. Costs range up to £161 for cover on a Granada for three years or up to 60,000 miles.

Provision of back-up services and infrastructure plays an important part in the success or otherwise of those seeking a share of the fleet market. With their large national dealer network—at least 1,750 for BL and 1,230 for Ford—these two companies have a natural advantage, furthered by years of home-grown expertise in the needs of UK operators.

Tough job

Thus the importers must work harder for their shares. Indicative of the approach taken is that by Alfa Romeo, which set up "Fleet Plan."

The scheme includes returning a broken-down car to any of Alfa Romeo's 143 dealers in the UK, plus coupons for free service parts such as brake pads and oil filters. The scheme covers the first two years' life of the car and is included in the purchase price.

One area in which importers are better placed than domestic manufacturers, however, is in the market for diesel cars. Currently the UK trails far behind Europe in this respect, diesels' share of the total market, at about 0.25 per cent this year, being less than a tenth that of many mainland European countries.

However, biggest among the straws in the wind that suggest there may be scope in the fleet sector for such cars came in July, when Scottish and Newcastle Breweries (S and N), announced that it was replacing its 1,100-strong petrol-driven car fleet with diesels—the first such move in the UK by a big fleet operator. They are being phased in over three years, with BL, Talbot, Vauxhall and Ford cars being replaced by 250 Peugeots and a mix of Volkswagen Golf and Passat, Opel Rekord and Citroen CX diesel models. S and N said it expects to save "hundreds of thousands" of pounds a year because of the diesels' better fuel consumption—they are at least 25 per cent more economical than petrol-driven equivalents, although there is a penalty to be paid in poorer performance.

As yet, with the exception of a Granada model powered by an elderly Peugeot diesel, none of the UK-based makers offers a diesel. Given Society of Motor Manufacturers and Traders (SMMT) projections of likely growth for them in the UK their reticence, considering the investment involved, is not too surprising; it

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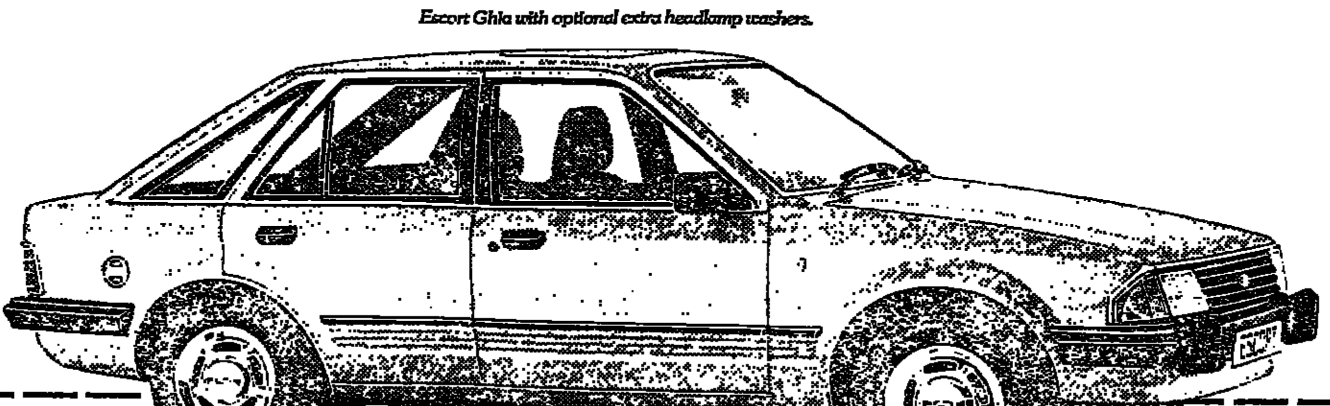

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The new car market

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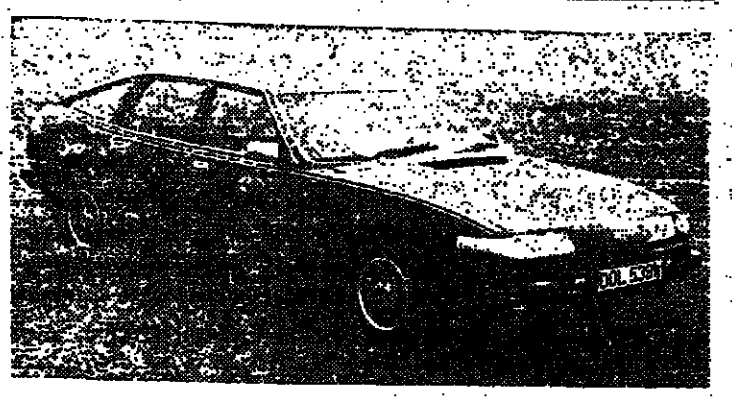
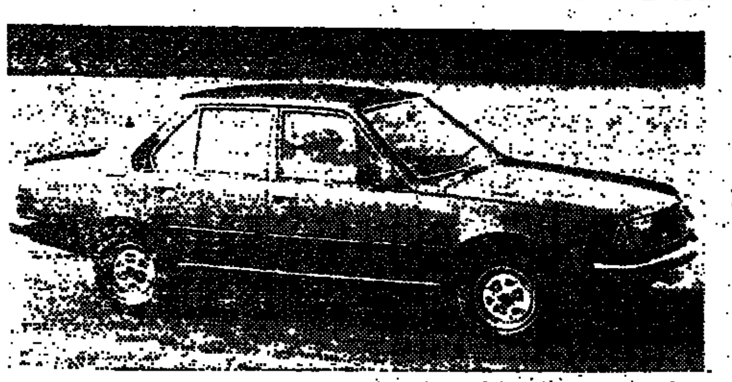




From the top: the Opel Commodore, plugging a market gap; the Princess 2000 HLS—further changes soon; the Rover Vanden Plas—a new topliner in a revised range; the Renault 18 GTS—diesel versions now in the UK; the Saab 900 ELS—a steadily expanding range.

predicts a 4 per cent market share, or 35,000 cars a year—but not until 1985. Renault, which a couple of months ago entered the UK market with three diesel models—an R18 saloon and estate, and an R20, is even more cautious, forecasting 2 per cent for the same year. If sales were to take off, however—if it became fashionable to drive a diesel, as has already happened to some extent with Volkswagen's diesel Golf—it is an omission which may come to be regretted.

Meanwhile, it has been a bumper year for the introduction of new and updated models: cars likely to figure on fleet managers' shopping lists, from the executive to utility sectors, are listed below:

Alfa Romeo: an updated Alfasud appeared earlier in the year, with the range extended upwards by addition of the 1.5 litre 95 bhp Veloce engine; the Alfa 6 six-cylinder large saloon appeared a couple of months ago, aimed to compete in the Rover/BMW market.

Audi launched its 200T 2.2-litre turbo car based on the Audi 100 in the same price bracket as the big Alfa; the Audi 80 coupe—a lower-powered, cheaper fwd drive version of the four-wheel-drive Quattro coupe which caused a sensation in the spring—should arrive next year as, in limited quantities, will the Quattro in March.

BL's Metro has got off to a flying start, with production up to 3,500 a week in early December and the car's market share, at 9½ per cent, setting market penetration records for a newly launched car. BL now believes that its forecast of perhaps 20 per cent fleet sales may be unduly pessimistic, particularly after the placing of a major order spread over five years from British School of Motoring.

In July, the Ital—basically a mildly reskinned Marina with better soundproofing and an improved A-series engine—gave a lift to flagging Marina sales while Rover models were given an overhaul for the Motor Show, the range being extended upwards to an air-conditioned leather-upholstered Vanden Plas model. Its sales have been picking up recently, and output at Solihull—which also makes the Triumph TR7 and TR8 sports cars—was being stepped up by 40 per cent from the start of January.

Expect some revisions to the Princess range ahead of a heavily revamped hatchback Princess in early 1982. The joint car with Honda—the Bounty (launched as Ballade in Japan) arrives in mid-year, stepping into the shoes of the now deceased Triumph Dolomite and, with its conventional, three-box saloon profile offering the potential for fleet sales from planned 80,000 a year output. All the plans, however, are contingent on the Government agreeing this month to the funding for the corporate plan submitted by Sir Michael Edwardes.

BMW is one of the few companies which has continued to expand market share and almost hold sales in volume terms this year, sales of its 5 series actually increasing. The range was joined this year by the high performance m535i model, although a major re-bodying is in the pipeline.

Citroen just before Christmas extended its range with more versions of its GSA hatchback. But they are complicated cars and their fleet sales presence is minimal.

Datsun's range was updated with, in particular, a new version of it Cortina-sized 180 Bluebird saloon. Though popular driving school cars, Datsuns remain primarily the realm of private buyers.

Fiat sent ripples through the market early in December in cutting prices across the board by nearly 10 per cent, after a disastrous two years in which its market share has almost halved. The effect was to make its 127 Metro-Fiesta competitor, at under £2,700, the cheapest small hatchback in the UK, while the ageing 131 Mirafiori now undercuts the Cortina by a substantial margin. Its new small car, the Panda — which took second place in the Car of the Year contest — arrives in the UK in a couple of months.

***Ford** revived the "Popular"* concept for its Fiesta soon after the Metro launch. The slightly detrimmed former base line Fiesta is now the cheapest UK-produced car. Revisions to the Granada are meanwhile expected in the not too distant future.

Lancia's Delta — last year's Car of the Year — went on sale in mid-year, so far without significant effect on market share, which in the first 11 months was 0.4 per cent, against 0.53 in 1979. Not least of Lancia's problems was the bad publicity linked to corrosion problems with the Beta range.

Mercedes has also had a good year, increasing both market share and unit sales.

It has received a boost both from the lighter yet more economical engines fitted to its 200 and 230 ranges, while the impact of its sleek new "S"-class cars is just being felt. As *ever, the rebodying has been* subtly done, with a strong family resemblance to its predecessors but much improved aerodynamics. There is a chance that the new, small fwd Mercedes will appear at next year's Frankfurt show. It will be well up-market of the Cortina and cheaper Granada, however. The 300TD turbo-charged diesel estate has yet to arrive in the UK.

Peugeot has had a poor year, its market share falling to 1.62 per cent from 2.22. It is yet to be worked out how its dealerships in the UK—255 of them — are to be merged with Talbot's under the reorganisation plan announced in Paris by the Peugeot SA parent last autumn. Notable new arrivals were the big 604 turbo diesel saloon, and the 305 estate—diesel or petrol—together with a new top line 305, the GLS, aimed specifically at the fleet market.

Apart from the diesel versions of its R18, **Renault** at the Motor Show launched its Fuego, an R18-based coupe — it prefers to call it an "open plan" saloon as it is a full four-seater — and it is already threatening to be a major rival to the Capri. Nearly 1,000 were sold in its first month.

Rolls-Royce's new Silver Spirit and the long wheelbase Silver Spur — read also as Bentley Mulsanne — caused the expected motor show sensation but with prices starting at £49,629 will hardly be a major fleet purchase.

Saab has steadily added to its 900 saloon range, now covering a wide spread of the executive fleet market with three, four and five door, turbo- and normally aspirated versions.

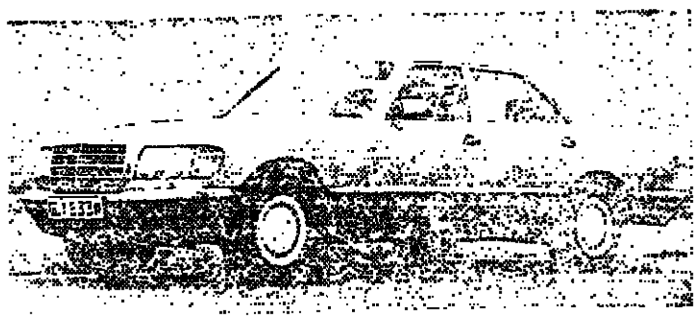
Talbot in the spring launched the car which it had so badly missed in its line-up: the Solara, a "three-box" version of the Alpine aimed directly at the Cortina. Sales of the Solara are at last picking up — over 10,000 have been sold up to November — and Talbot is to announce what it claims will be "the best leasing package ever" aimed at fleets early next year. Its contender for the executive market, the Tagora saloon, unveiled in Paris late last year, arrives in the UK in a few months.

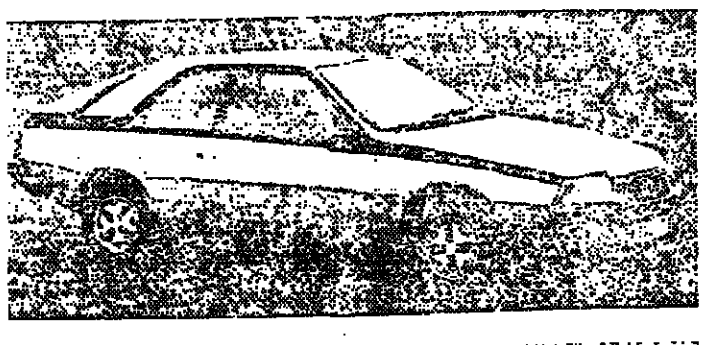
The Jetta, **Volkswagen's** booted version of the Golf, was well received on its UK arrival, and it can expect a further boost with the arrival soon of a replacement Passat hatchback.

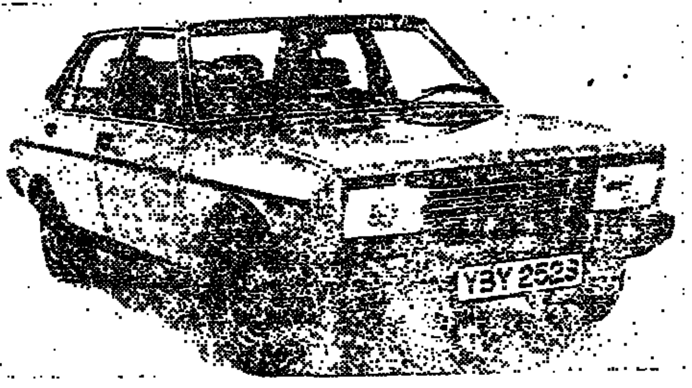
Volvo this year took considerable steps to erase its rather staid image, launching a high performance 244 GLT model, as well as introducing substantial modifications to all its saloon range, giving them a leaner appearance. Even Volvo admitted, in its promotions for the new model, that the cars had been somewhat tank-like.

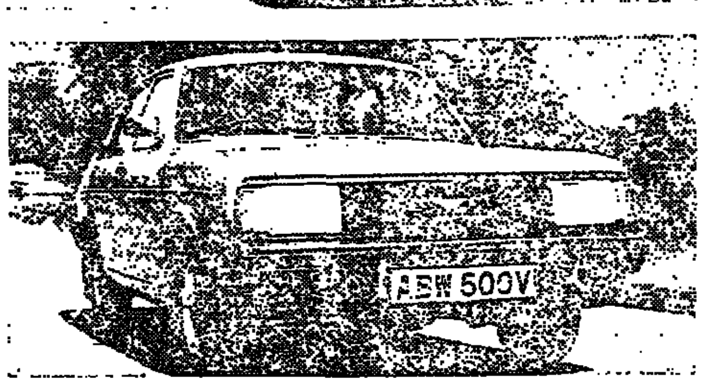
General Motors' German offshoot, Opel, has done well with the Kadett fwd hatchback rival *to the new Escort, sold also in* the UK badged as the Vauxhall Astra — and Ascona/Cavalier sales have also held up well ahead of the new J-car.

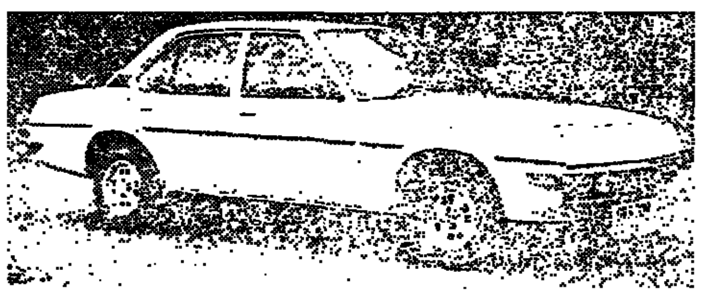
The new car in the **Vauxhall/Opel** line-up is the Vauxhall Viceroy—the Commodore name was revived for the Opel version—launched late in the autumn and plugging the gap between the Carlton/Rekord cars in the £6,000 to £8,000 range and the top-line, £10,000-plus Vauxhall Royale/Opel Senator models. Vauxhall also announced its cheapest Chevette rear wheel drive model at the motor show, which at £2,884 was—briefly—the cheapest UK car until the Fiesta Popular's *arrival. At a time when it was* expected to be phased out from the model range, the Chevette surprisingly has become the only UK-built Vauxhall to be exported—to West Germany.











From the top: the new Mercedes 'S' class—improved aerodynamics, fuel consumption: *the Renault Fuego*—'Capri-basher', 1,000 sales in first month; the Fiat Supermirafiori—Fiat in December cut prices by 10 per cent; the Morris Ital—launched last July; the Cavalier GL—new 'J'—car due in the Spring.

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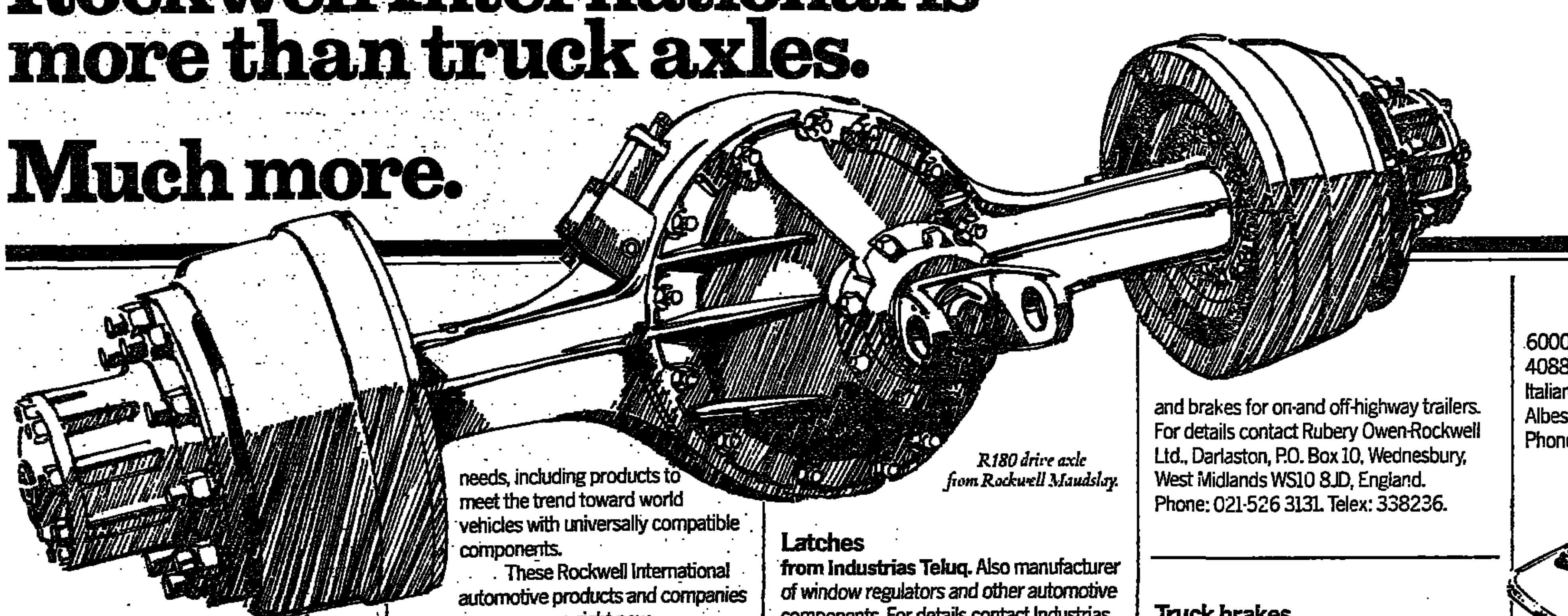

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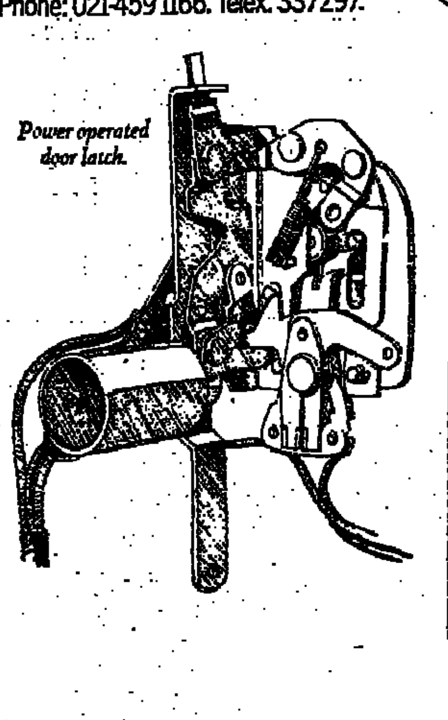

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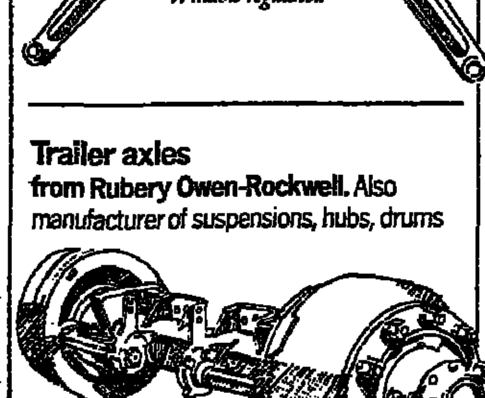

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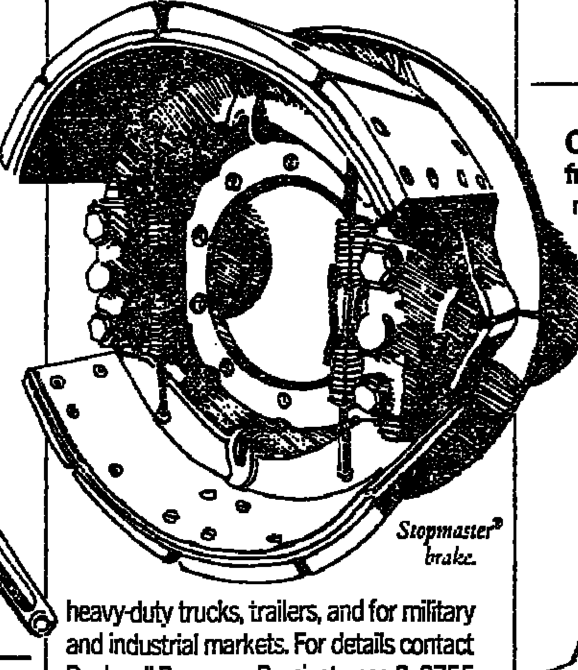

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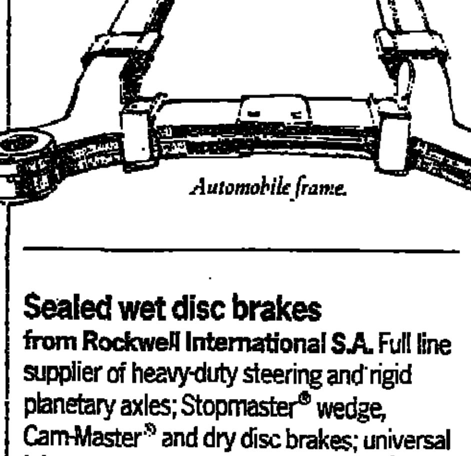

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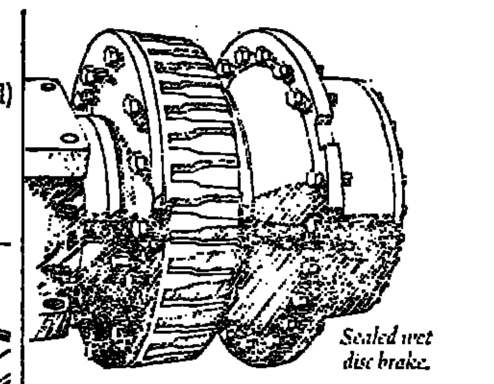

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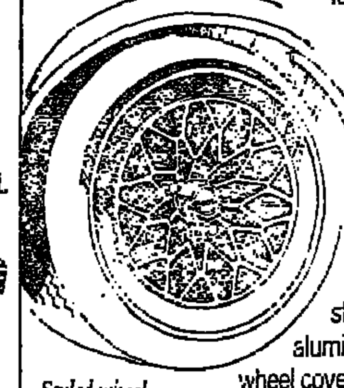

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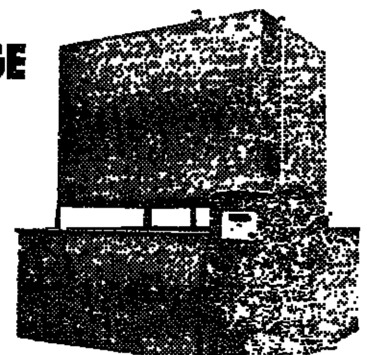

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There are now perhaps 50 rental companies of this type in Britain, with around 10 of the larger concerns offering national or near-national service, and the rest made up largely of transport contractors who hire trailers on an occasional basis.

It is these concerns which have suffered most severely in the past few months, since most companies which have their own transport fleets are making the best possible use of their own trailers, which are expensive to leave idle for any length of time.

For that reason, less work has gone to independent contractors who are usually employed by companies when they need additional capacity during peak periods, and there has consequently been less demand for trailers from that section.

The larger companies, such as Transport International Pool (TIP), Rentco, the Crane-Freuhauf subsidiary, and York Rentals, part of York Trailers of Dereham, Norfolk, have also experienced a fall in overall demand, but their closer relationships with large client companies have been helpful.

Mr. Roy Smith, general manager of York Rentals, believes that rental rates are now lower than in 1976, underlining the competitiveness of the market at a time of somewhat lower demand. However, the true market position has been distorted by a somewhat patchy seasonal increase in trailer hire in the run up to Christmas, and some observers believe the true picture will not emerge until the New Year.

The effects of recession, coupled with high interest rates, have in some ways worked in favour of the rental industry, although it has tended to change the nature of demand.

In normal circumstances, client companies will often use rented trailers in addition to their own fleets at times of peak activity, since it makes no sense to maintain a fleet which will not be very fully used. If the volume of business is up generally, they may buy more trailers, rent long-term, or even lease.

On the other hand, a fair proportion of companies has decided that even in normal business conditions, it is cost-effective to use outside contractors to a large extent. Despite initially higher costs, companies avoid the high capital outlays on new equipment.

But in the present circumstances it has become vital for companies to retain capital and reduce running costs. Some have therefore laid up parts of their fleet, using a limited amount of short-term rental and taking advantage of competitive rates.

Excess

Others have sold off excess capacity and increased their flexibility with the introduction of an increased number of long-term rentals, perhaps increasing the amount of work given to outside contractors, or at least passing some of the more difficult work to them.

One major rental company estimates that overall demand has fallen by around 10 per cent since the middle of last year, pointing out that despite the recession, there is still a high proportion of goods such as food which must be moved.

There are two major types of customer for rented trailers—road hauliers working under contract for others, and private carriers, mainly manufacturing companies. Over the past few years demand from the latter has increased considerably, and the end result of the present recession is likely to be greater overall penetration of rental.

Rentco, which operates around 3,000 trailers, believes that the long-term prospects for the industry are now extremely good, and suggests that when the upturn comes, industry will need its available capital for manufacturing investment and will have little left for transport. The obvious result would be a substantial rise in renting.

But this is only likely to be of great benefit to the larger rental companies which have the capacity to handle a rapid increase in demand, while smaller concerns, which are suffering now from the low level of rental rates, may not be able to do so.

A significant effect of the recession experienced by Rentco has been a 40 to 50 per cent increase in trailer movements, a reflection of companies using rented trailers short-term for specific purposes and then returning them immediately. The company points out that while it appreciates the business, it means a great deal more work for no additional income.

But the most serious problem now is the fall in demand from big concerns such as the British Steel Corporation, which is estimated to have halved the volume of steel movements around the country. The engineering industry as a whole has also decreased as a market.

Overall, rental appears to be holding up in popularity when compared with other forms of trailer acquisition, largely because of the peaks and troughs of demand. It is also a useful way of trying out new vehicles, possibly on new routes, and generally experimenting with transport costs.

Rental companies argue that customers should devote their capital resources to areas of spending which are productive, such as new manufacturing equipment, and rely to a greater extent on outside help for transport, and for that reason several new schemes have appeared recently.

York Rentals, for example, offers rental with an option to purchase the trailer at a discount during a minimum period of 12 months rental, allowing a customer to judge how suitable the vehicle is before committing himself.

Rentco's Plus Plan is aimed at the larger corporate transport operators, and allows them to sign a long-term rental contract, covering a period of seven years, at a fixed rate. This is claimed to be cheaper than leasing, although it does not cover maintainance, and gives customers the option to take vehicles back at the end of each year.

Rentco, which announced the scheme shortly before Christmas, said it was aiming at reliable customers and hoped that they would exchange trailers after periods of perhaps three years, so that new Crane trailers could be provided.

The market leader in trailer rentals by a wide margin is TIP, a subsidiary of the American group Gelco, which increased its lead recently with the acquisition of the specialist rental concern, Eurotrec. TIP now has a fleet of around 12,000 trailers in the UK, and holds around 50 per cent of the total market.

Leyland's T45 Roadtrain sets new standards of design — it has been acclaimed in several European countries (where it is being launched this year); in the UK, Roadtrain sales are already excellent.

Depots

After setting up in Europe in 1969, the company has expanded rapidly and now has around 50 depots, 18 of which are in the UK. It is now opening depots in Ireland and another in Cologne.

TIP's view is that whenever operators rent instead of purchasing, the choice of unit is in no way limited, and there is a range of advantages in addition to retaining capital. It points out that it is the tax savings which make rental possible and viable, both for the rental company and the customer.

A rental company may offer a reduced regular payment which is dictated by capital allowances it can claim. At the same time the customer can claim tax relief on all his rental payments and interest.

"The rental company's profits come from the tax savings, the discounts they can negotiate from suppliers through quantity purchases and the reduction of risk provided by the quantity of contracts undertaken," TIP says.

The company lists the main advantages as: service, flexibility, no obsolescence of vehicles, predictable maintenance costs, possible expansion for peak periods and new business, maintainance of fleet strength during servicing and repairs, and high quality equipment.

In the present circumstances, one may also list competitive rental rates as one of the advantages, but it is clear this will not last beyond the first sign of economic upturn, when the rental concerns hope that they will return to a more profitable position.

Package deals U.S.-style becoming popular

LEASING

LORNE BARLING

THE PERIOD of headlong growth in the British vehicle leasing sector now appears to have ended, partly because of the economic recession, and in the case of cars, partly as a result of the reduction in first year tax allowances.

Some leasing companies take the view that a slowdown was in any case inevitable, since the rate of growth experienced by members of the Equipment Leasing Association—mainly the large leasing finance companies—has been phenomenal.

Assets in the form of commercial vehicles acquired by its members amounted to £58m in 1976, £114m in 1977, £158m in 1978 and £225m in 1979. For cars, the increase in business was even more rapid, with assets rising from £6m, to £57m, to £343m and to £468m over the same period. Total car assets on lease by ELA members now amount to £884m and commercial vehicles worth £670m, both at original prices.

The large increase on cars between 1977 and 1978 was due to the introduction of a 100 per cent tax allowance on the first year, which has since been reduced to 25 per cent, in line with other capital allowances.

It is now anticipated that growth in vehicle leasing business will settle down to a rate somewhere near the pace of inflation, although further inroads into the overall vehicle acquisition market are still likely, particularly at the end of the recession, when industry seeks to increase transport capacity and lacks the liquidity to do so through purchasing.

Estimates vary on what proportion of new cars are acquired through leasing, but it is almost certainly more than 10 per cent, and a higher figure is likely for commercial vehicles.

According to the British Vehicle Rental and Leasing Association, whose membership consists largely of companies directly concerned with providing vehicles, the growth of car leasing recently has been around double the rate of light vans and estate cars, while there has been little increase in commercial vehicle and tractor fleets.

There has been little change in the pattern of business in the past few months, although the dramatic increase in the price of vehicles over the past two years had certainly encouraged the trend to leasing.

One of the developments which leasing companies now expect during a period of recession is an increasing call for extensions of leases, which experience has shown can be dangerous for both parties. Lessors are likely to run into losses very quickly as a result of extensions, the association said, since higher maintenance costs and other expenses occur.

Activities

One result of the decreased tax allowance on car leasing is that many smaller companies are now having to look at other activities to improve profitability, and some see the answer in contract leasing or contract hire — the provision of a full vehicle service ranging from finance to maintenance and many aspects of everyday use.

This type of leasing was pioneered in the U.S. by the PHH Group, and introduced to the UK by its subsidiary PHH Services, which is now the leading company in the field. However, there are many imitators offering slight variations on the same theme.

Some of these concerns, such as the Dutch-owned Lease Plan, which is well-established in Europe and moved into Britain about 18 months ago, have the experience and back-up to offer a true national service, gaining considerable concessions on prices through volume business, which is passed on to the customer.

But the British Vehicle Rental and Leasing Association warns that smaller companies should be wary of trying to move into this market without the resource to manage all the services which they offer to customers.

There is little doubt that the leasing market in the UK is still influenced considerably by patterns in the U.S., where straightforward leasing (without additional services) is now giving way to package deals which relieve much of the burden of everyday running and are charged on a monthly basis.

The essence of contract leasing is that companies can hand over the complete management of a vehicle fleet to a leasing concern, so that the client pays the actual cost of the use of the vehicles over a defined period.

Interest rates are often charged on the basis of the lessee's credit rating, and although this does not allow a fixed monthly charge, overall cost can be fairly accurately judged. It is claimed that overall charges are likely to be less than a fixed-rate agreement, since in those circumstances it is often necessary to build in contingency charges to account for interest rate fluctuations.

Once vehicles have been selected and bought by the leasing company, it will deal with all maintainance and repair bills, allowing the client to select the garage of his choice. Bills are then sent regularly to the client, which pays them in the knowledge that they have been checked for fairness, the cost of parts, and labour.

The advantage of this is that experienced leasing companies have built up a fund of detail on charges, and can tell if servicing on a particular model is higher than it should be. They also have national agreements on the supply of equipment such as batteries, tyres and windscreens, thereby gaining a price advantage.

Lease Plan's so-called Open Calculation system is aimed at showing the customer exactly what discounts are achieved, such as on the cost of the car, the interest rate charged, estimated maintenance costs and the management fee, so that the client is fully aware of benefits and charges.

At the end of the lease period, when the vehicle is disposed of, any surplus over and above the predicted sale value is returned to the customer, while any shortfall is borne by the leasing company. Lease Plan points out that this encourages clients to take better care of vehicles.

Suggests

According to Vauxhall its Masterhire leasing system has not been adversely affected by the fall in tax allowances, and the company suggests that none of the bona fide car leasing concerns — such as those connected with the large motor companies —has suffered severely.

The critical factor for those leasing organisations, Vauxhall believes, is their ability to offer a wide range of vehicles under a single banner. In this respect the recent extension of the Vauxhall car and truck ranges has been helpful.

It is also pointed out that the fuel economy and maintenance costs of a particular manufacturer's vehicles has a considerable bearing on leasing contracts which cover these aspects, since they can significantly affect projected monthly rates.

Overall, a slowdown in the pace of growth within the leasing industry will be hard for some leasing companies to bear, particularly those which have confined their activities to a narrow field, but characteristically the industry has sought new business through a wider range of services.

Companies which have entered the contract leasing market have experienced rapid growth of business, perhaps because potential client companies are reappraising their manpower resources and see the advantage of reducing the burden of work in this way.

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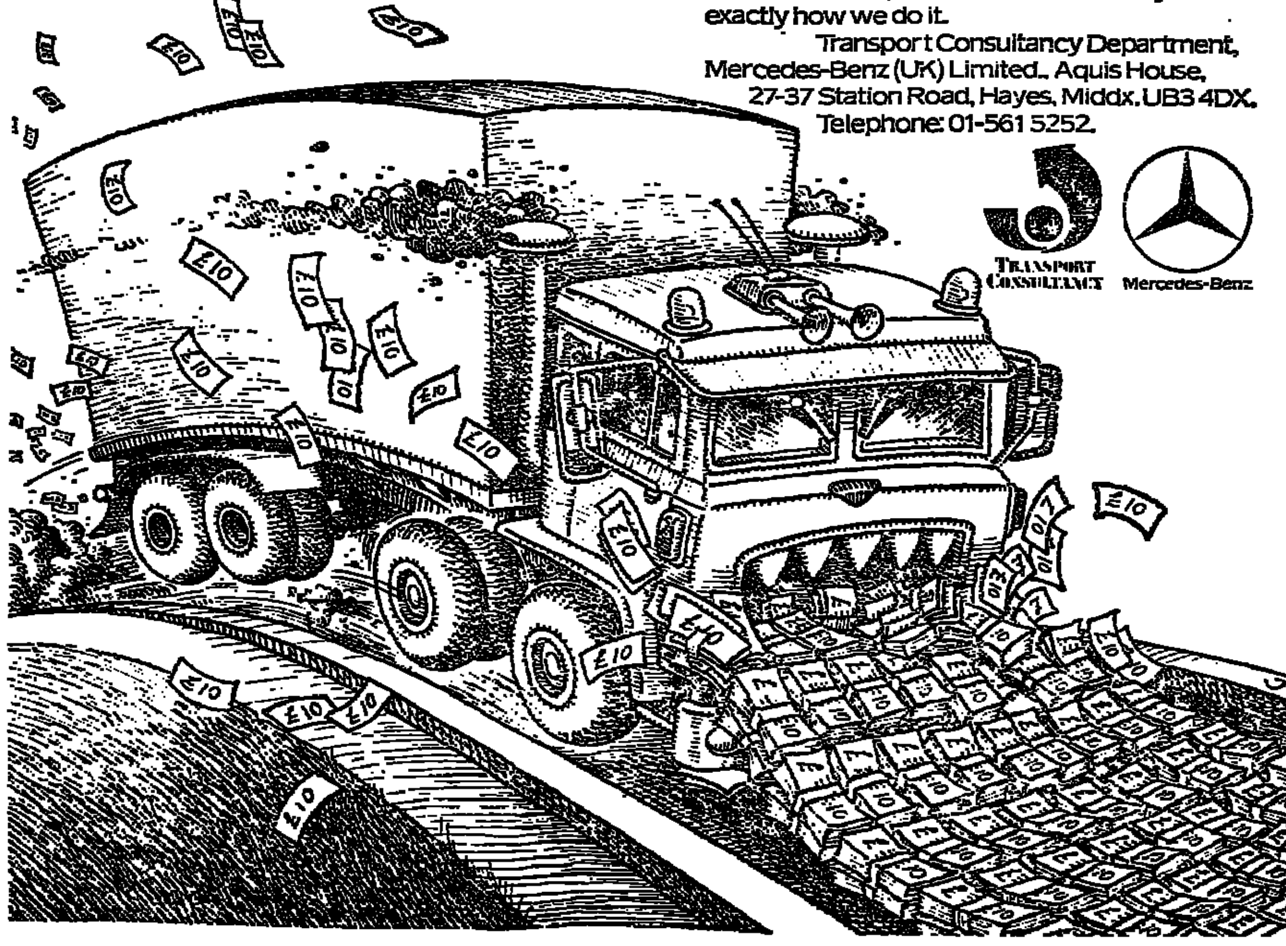

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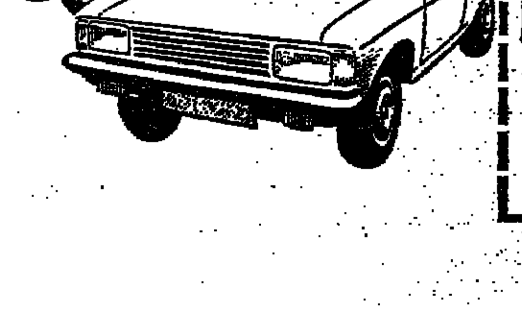

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FT

Robert Graham in Madrid examines why the Spanish Government has taken so long to come to terms with a world-wide crisis

Spain wakes up to the steel reality

SPAIN, alongside Belgium, is Western Europe's fifth largest steel producer. But of all the major European producers, Spain has the dubious distinction of being the slowest to react to the crisis that has hit this sector.

The European Community began to take action in 1975 and by 1978 had produced the Davignon Plan, which provided guidelines to reduce EEC steel capacity, cut costs, protect domestic markets, and offer funds for improving installations. While the Davignon Plan has been followed at a Community level in a less than harmonious fashion, individual countries have adopted some fairly drastic measures to trim their steel industries — especially Britain and France.

On economic issues the Spanish Administration acts with a torpor that frequently spites itself. Between 1974 and 1979 the EEC steel labour force was cut by 116,000. Fewer than 1,000 have lost jobs in the Spanish steel industry and the sole concrete measure taken has been for the state holding company, INI, through its steel subsidiary, Ensidesa, to absorb one of the private integrated companies, Altos Hornos de Mediterraneo (AHM).

Twice in the past four years, major plans dealing with key sectors, energy and steel, have had to be rewritten, because they have been so long in preparation and gaining approval that events have overtaken them. The energy plan was eventually approved in 1979 but was outdated almost when introduced and has subsequently been extensively altered.

The steel plan, which in various forms has been through the hands of four different industry ministers in four years, is now in its final version—or at least so it is hoped. Discussions on a changing final revised version have been going on since early September.

A solution is urgently needed because the three companies—the privately owned Altos Hornos de Vizcaya (AHV), and the state-run Ensidesa and AHM — are on the verge of financial collapse.

The Spanish slowness in coping with excess capacity and a disastrous financial position of the three companies arises in good measure from the peculiar politico-economic atmosphere reigning in the country in 1974/1975. The Franco Government completely failed to comprehend the nature of the energy crisis of 1973/74. While most European economies were just about to tip towards recession at the time of the quadrupling of oil prices, Spain seemed poised to continue a boom.

EUROPEAN CRUDE STEEL PRODUCTION (000 tonnes)

	1979	1980 (Nine months)
Germany	46,040	33,952
France	23,360	18,262
Italy	24,250	20,085
UK	21,472	8,303
Belgium	13,442	9,819
Spain	12,254	9,372

Source: SOAC

STEEL PRODUCTION PROJECTIONS (m. tons)

	1980	1982	1985
AHV	1.65	2.15	2.15
Ensidesa	4.82	5.10	5.30
AHM	0.65	0.80	1.00
Total	7.20	8.05	8.45

So confident were the authorities of Spain of being unaffected by the high cost of energy and the boom continuing that a whole series of new investments were encouraged—including the base industrial sector of steel. A plan was drawn up in 1974 covering development through to 1982. On the basis of 5 per cent average GDP growth over the previous decade, steel consumption was projected to grow at almost the same rate and reach 20m tons by 1982.

Spanish steel consumption is in fact now well below the record level of 1974 and is the same as 11 years ago, around 8m tons.

Unfortunately these projections were taken literally, both by the three integrated companies and a good many of the 46 non-integrated producers and the 18 special steel companies. The result was to create new capacity with expensive new investments at a time when the domestic market was beginning to slacken and when international markets were depressed.

When domestic demand began to fall off significantly from 1976 onwards, the industry's difficulties were compounded by other problems. More labour had been contracted to cover the new capacity; at the same time the labour force, with the removal of the ban on trades unions, became more organised and demanding.

In order to buy peace in the wake of the dictatorship, the companies had already started to concede high wage demands. These accelerated so that between 1975 and 1979 Spanish steel wages outstripped those in both the UK and Italy. From being 15 per cent of turnover wages are now 30 per cent of turnover.

Meanwhile productivity has fallen sharply and is now equivalent to 172 tons per person a year against 208 tons average per person in the EEC.

This sharp increase in the wage bill was accentuated by the lesser availability of cheap official credit. Indeed the wage explosion occurred at the beginning of a credit squeeze which pushed up interest rates, so adding an extra burden on financial charges.

Financial costs as a percentage of turnover are now the highest in Europe, just over 20 per cent. With the exception of Italy, all the other European integrated producers have a percentage that varies between 4 and 8 per cent, according to Ensidesa. The three companies are now running substantial losses. The combined losses of the three in 1980 are likely to be Pta 37bn with accumulated debts of Pta 90bn.

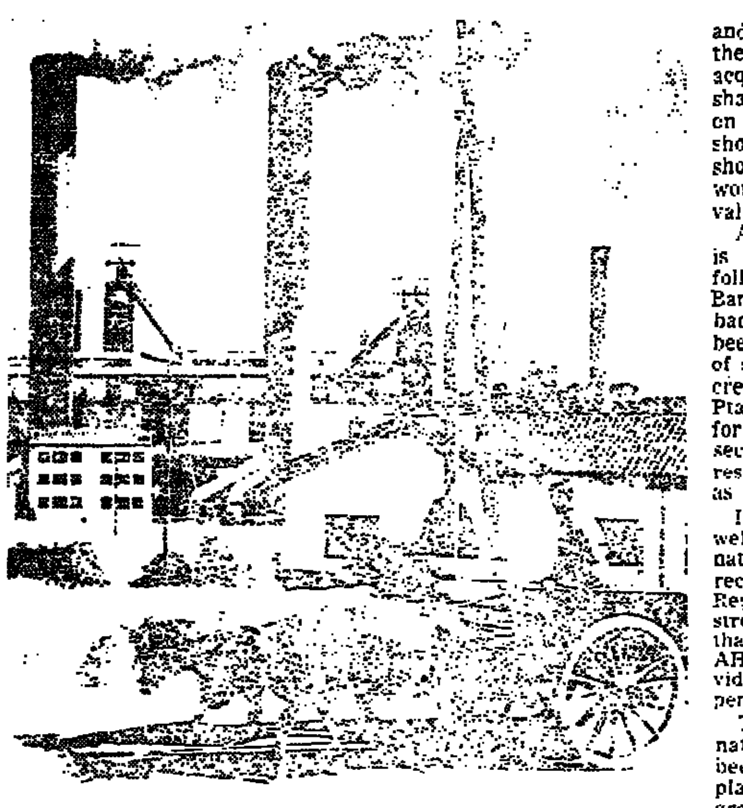
The situation in the integrated and non-integrated sector would have been worse still had not the companies managed to switch production to exports. Exports have more than doubled in four years to 5.6m tons. This represents just over 40 per cent of total production—as recently as 1974 exports accounted for only 4 per cent of production.

The troubles facing the industry can thus be said to be threefold. First, the financial structure of the companies has to be reorganised to reduce debt burden on cash flow; second, productivity has to be raised to the European norm; and third, production has to be rationalised, reducing excess capacity but improving installations to compete in quality and range with other European producers.

Unless these problems are solved the Spanish steel industry will prove extremely complex for the enlarged Community to digest. Both the industry and the Spanish Government are acutely aware of this, and given this awareness, it is at first sight surprising why concrete action has been so long in coming.

The answer lies partly in the slowness of the Spanish bureaucracy.

However, part of the blame also should fall on the three integrated companies, AHV, AHM and Ensidesa. They acted for too long in the belief that the Government would behave in the same manner as during the Franco era: namely, that any troubled private company in a key sector would be automatically baled out by the State on favourable terms, and that for State concerns, there was no question of challenge over losses.



The old and the new mingle at Ensidesa's—and Spain's—largest steel works at Aviles in Asturias

The Government has sought to disabuse industry of the idea that it will continue Francoist paternalism. But the message has taken over three years to sink in.

Having preached the need for a market economy, the Government was reluctant to admit the need for nationalisation, albeit of a loss-making strategic sector of the economy. In spite of this, the Government in 1979 was obliged to proceed with the state take-over of AHM by Ensidesa. The private shareholders, principally those who owned AHM, were no longer willing or able to support its losses.

The Government never used the word nationalisation and adopted a formula which to some extent made the private shareholders co-responsible. The capital of AHM was reduced to zero then increased to Pta 12bn of which INI, the state holding company, put up 34 per cent and the private shareholders the remainder. INI subsequently acquired the remainder of the shares for a symbolic peseta on the understanding that should an international audit show the value to be higher it would pay up to the nominal value.

AHV, whose main shareholder is U.S. Steel with 27 per cent, followed by Spanish banks Banesto, Hispano-Americano, Bilbao, Urquijo and Vizcaya, has been largely decapitalised. Out of some Pta 62bn in outstanding credits, AHV owes the State Pta 42bn of which Pta 16bn is for unpaid taxes and social security contributions. In some respects it is therefore regarded as virtually nationalised.

Indeed the government might well have gone ahead and nationalised AHV had not the recently formed Basque Regional Government raised strong objections. It also appears that U.S. Steel favours keeping AHV private because this provides a useful means of eventual penetration into the EEC.

These considerations on the nature of ownership have now been resolved. The present plan being discussed envisages greater state control without outright, and immediate, nationalisation. INI will form a holding company, probably with the state-run Official Credit Institute (ICO) to be called Sofiresid. This will have Pta 68bn worth of funds and will act as the financial channel for all money to the three companies. It could also co-ordinate sales and procurement of raw materials.

Through Sofiresid the state could acquire a shareholding in AHV—a move likely at a later stage. It is a solution copied, though not quite similar, to that employed by the French.

In order to reduce the cost of debt service on AHV, the Government is now negotiating a complex package with the banks (mainly those who are already shareholders in the AHV). The banks are being asked to refinance over Pta 16bn-worth of outstanding credit through the waiving of interest in 1980. A 4 per cent rate through until the end of 1983, and a freeze on the payment of any principal until 1984. Only after January 1984 will interest rates be allowed to return to those pertaining in 1979.

The State Official Credit Institute and INI are doing the same with their exposure to Ensidesa and AHM. In all this involves providing new credit of Pta 60bn and rescheduling Pta 80bn of old credit.

The amount of money to be written off is not yet clear.

On the labour side the plan envisages a cut of 5,800 to 38,200 of the workforce in the integrated sector. The steel industry as a whole employs just under 80,000. At the same time wage levels are to be kept down to a 5 per cent increase for 1981, 5.5 per cent for 1982 and 6 per cent for 1983.

By the standards of British Steel, these proposals are not draconian. However, they have been strongly resisted by the unions, provoking on December 19 a 24-hour strike in the three companies' plants.

With a growing automotive industry geared to exports, the demand for sheet steel is growing. The Government wants to build a hot-rolled coils complex but cannot decide where, and is moreover facing a barrage of objections from Brussels over the increase of European capacity in this sector.

AHM has no capacity to produce hot-rolled coils and without such capacity is increasingly unviable. There are already suggestions that it be closed altogether. But there are important regional lobbies at stake and no decision has been made.

The most the Government has let drop—and only in private—is that it will not be intimidated by EEC objections on the hot-rolled coils plant.

Letters to the Editor

A London listing

From Mr. G. Greene

Sir,—Under the heading "*A London Listing*" Mr. Rawlings writes (December 30) an interesting letter which I think I can amplify from actual experience even if I cannot argue the rights and wrongs.

In 1964 two London stockbrokers put up $10,000 for a preliminary survey in part of Ontario. Soon this became a syndicate and then a company registered in Ontario with an issued capital of about 2m shares. The shares are not listed anywhere.

The company had a hard time while the price of gas was about 30 cents but recently it has prospered and holds $1m cash and may even pay a dividend shortly.

The company has a few gas wells and one oil well and will probably drill one or two holes in 1981.

About one third of the shares are held by the two stockbrokers, their families, friends and clients, some of whom have said they would like to sell shares but the brokers are not allowed to deal in them.

So, two years ago some enterprising spirits might have had a chance to pick up shares at 50 cents (say) but by the time a listing is obtained the price may well be $5 or $10 or any figure you care to pluck out of the air.

The lucky people are the would-be-sellers who were not allowed to sell. The unlucky ones are the elderly shareholders who may not live to see their enterprise crowned with success.

Well, well, well!

G. A. Green.
Mill End, St George's Place, Steyning, Sussex.

Post Office arrangements

Marketing Department, Post Office.

Sir,—Mr. Elliot (December 31) writes that postage and other handling arrangement offered by the Post Office to large commercial posters are at the taxpayers' expense and that the Post Office is insensitive to the needs of small business. Neither statement is correct.

No Government subsidy is involved in any commercial arrangement the Post Office may have with its larger customers (or with any other customers for that matter) since the British Post Office, unlike most other postal services throughout the world, operates at an annual profit and has done so consistently for the last four years.

Far from being unresponsive to the needs of smaller business, the Post Office is very conscious of the need to work with its business customers . . . large or small alike. In the highly competitive parcels market, it offers an unrivalled range of price and service facilities with the business poster in mind. On the letter side, commercial terms are available to customers in a position to work with us in pre-sorting bulk postings.

While it is impossible to tailor for everyone's individual needs, we shall be delighted to arrange for one of our sales representatives to contact Mr. Elliot. We are always ready to advise business customers, large or small, on how best to use postal services

Nigel N. Walmsley,
Marketing Department,
Postal Headquarters,
St. Martin's le Grand, EC1.

Neighbourhood radio

From the Chairman, Association of Community Broadcasting Stations

Sir,—With the publication (December 18) of the third report of the Home Office local radio working party (HOLRWP), serious questions are raised about the working party as an instrument for the development of UK local radio.

Part two of the report deals with "community" or neighbourhood radio. This sector of radio co-exists (and doesn't compete) with the BBC or the Independent Broadcasting Authority, but has been excluded from membership of HOLRWP, despite the active support of tens of thousands of listeners. We, too, are part of local radio; why this bias? We are providing a comprehensive radio service from stations and outside-broadcast units with neither the stability of income provided by a licence-fee, nor *the commercial potential* of overseas sales.

Ordinarily, the Association of Community Broadcasting Stations (ACBS) would welcome the HOLRWP plans to site some of the future BBC and IBA stations in areas containing a neighbourhood radio station, and would see them as complementing each other. The Home Office, however, is using our current "experimental" status to apply tests to our operations which the BBC and IBA have never had to face, which throws doubt on the Home Office's impartiality. For example, "public demand" and "willingness to pay" have never been preconditions for licensing commercial or BBC local radio. Even when HOLRWP admits that, ". . . the existing sound experiments appear to have secured good local support . . . ", this is denigrated by saying that these ACBS stations may not be typical, due to their restriction to cable transmission and due to many of them being in new towns (both Home Office decisions). If their success is to be measured numerically in comparison with these other local radio stations, as seems likely, then the refusal by the Home Office to grant us broadcasting licences through which to reach all our potential audiences (and not just those households subscribing to a cable service) while granting them to the BBC and IBA points to more bias.

Such enforced discrepency of access to a shared audience has weight added to it in the case of our stations which derive part of their revenue from advertising. Several ACBS stations obtain part of their income through local and national advertising. In Swindon, Milton Keynes and Basildon, for instance, anouncements of independent local radio franchises have led supporters of their neighbourhood radio stations to regard the Home Office as colluding with the IBA in a "pre-emptive strike" at neighbourhood radio by enforcing unfair competition for audiences. Further, the expressed desire of the Home Office that the forthcoming subscription TV schemes should include a "community" input are contradicted by these attempts to close the operations of those best-placed to provide it—neighbourhood stations. Any potential which exists for integrating via cable a national teletext service with a locally-originated information service now stands in jeopardy unless ACBS stations can participate in policy planning.

The Home Office's bias against the ACBS stations is damaging its own "experiment." This mismanagement, plus its clear bias against neighbourhood broadcasting in practice indicates to the ACBS that the Home Office is no longer the best representative of our interests in HOLRWP. Provisional representation should occur immediately through the presence of the ACBS; simultaneously, let's have serious negotiations with the Home Office about ACBS' detailed proposals for the structure and operation of a regulatory framework for the development of neighbourhood broadcasting in the UK.

Patrick Hughes
Association of Community Broadcasting Stations,
c/o CRMK.,
Fishermead Boulevard,
Milton Keynes.

Failings of the ECGD

From Mr. P. Bharali

Sir,—In its report for 1979-80 operation, the Export Credits Guarantee Department made great play of the fact that it paid out, against policy holders' claims, some £264m mostly in respect of Iran, Turkey, Sudan and Tanzania *vis-à-vis* its premium income of £152m. What it failed to highlight however was that, as most of the claims it had met were covered under the political risk section the policy holders would be required, as a condition of cover, to continue their efforts to recover overdues at some future dates. Any recovery thus achieved must, of course, be refunded to ECGD and the apparent short time "loss" would therefore be reduced to almost nil. In any event the funding of £264m when viewed against the total annual UK exports of some £75bn would seem a very small sum indeed. In percentage terms it would form less than half of 1 per cent.

Nevertheless, it now seems certain that to achieve a yearly break-even position, ECGD will ask its policy holders to pay increased premium rates from March 1981. One must not quarrel with its desire to avoid being a burden on the Government, but any increase in the premium rates must be matched with a much improved service to the exporters.

At present ECGD stands accused of lack of any commercial understanding on several counts, but I will touch upon only four. It takes undue length of time, sometimes several months, to approve credit limit applications. Such delays often result in loss of orders. It withdraws cover from an overseas importer as soon as it receives a default claim from a policy holder. Such hasty withdrawals generally work against the interest of the majority of the policy holders. While considering transfer delay claims ECGD does not take a more enlightened view of the foreigner's English. It often rejects and at best delays meeting a claim because of the inadequacy of language and imprecise English expressions in foreign banking communications. By far the biggest weakness of ECGD is its inability to apply selectivity in respect of policy holders' performances in assessing premium or for granting dispensation from measures designed mainly for a few.

I only need to mention the recent circular on Nigeria to illustrate my point. This circular stipulates the manner in which contracts of varying values are to be treated by policy holders. Ostensibly the new policy has been designed to thwart mushrooming of many small claims by some policy holders. Dispensation from this policy is not available, irrespective of how well other policy holders have done in that country over a long period of time.

It is also notable how ECGD's approach to risk factor varies from that of Hermes of West Germany and MITI of Japan. It was reported that Hermes only recently withdrew cover from Turkey and ECGD did it nearly four years ago. Japan's MITI also allowed its clients to retain cover on Iran up until the start of Iran/Iraq war. ECGD had withdrawn cover from Iran soon after the flight of the Shah. Perhaps part of the answer lies there as to why Japan and Germany have better market penetration, more trading success and greater economic benefit to their respective countries than us in UK.

P. Bharali.
5, Green Lane,
Charlton,
Nr. Banbury, Oxon.

Mend the pipes —then pump

From Mr. J. Hirst.

Sir,—As a layman may I say how much I appreciated the Lombard article (December 29) by Nicholas Colchester.

Surely it is clear to the monetarists that socially unemployment is now so serious that a large public works programme is essential.

Surely it is equally clear to the Keynesians and intelligent trades union leadership that such a programme would be worse than useless if money advanced for such a programme was eroded away by an increase in the bureaucracy and excessive wage awards to existing workers before it even reached the labour market.

To put it another way there is no point in pumping money into the economy until the leaking pipes have been repaired.

I hope more professional economists like Mr. Colchester will come forward with suggestions for balanced solutions instead of propounding the two extreme solutions of monetarism and Keynes. Surely it has already been proved that neither works on its own in the post-war world.

J. B. Hirst.
"Wayside,"
2, Holly Park,
Huby, Nr. Leeds

Today's Events

GENERAL

UK: National Union of Seamen meet in Dover to discuss strike action over pay claim.

Stock Exchange turnover figures issued.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, attends formal opening of Sessions at Central Criminal Court, Old Bailey; attends Freedom ceremony for General Sir Robert Ford, the Adjutant-General, Guildhall.

Oxford Farming Conference opens (until January 7).

50th Model Engineer Exhibition continues, Wembley Conference Centre (until January 10).

Overseas: Mr. Ronald Reagan, U.S. President-elect, meets President Jose Lopez Portillo in Mexico.

Lord Carrington, Foreign Secretary, continues official visit to Morocco (until January 9).

OFFICIAL STATISTICS

Treasury publishes figures for United Kingdom official reserves for December. Bank of England issues the mid-November quarterly analysis of bank advances; and figures for capital issues and redemptions (during the month of December).

COMPANY MEETINGS

See Financial Diary on Page 4.

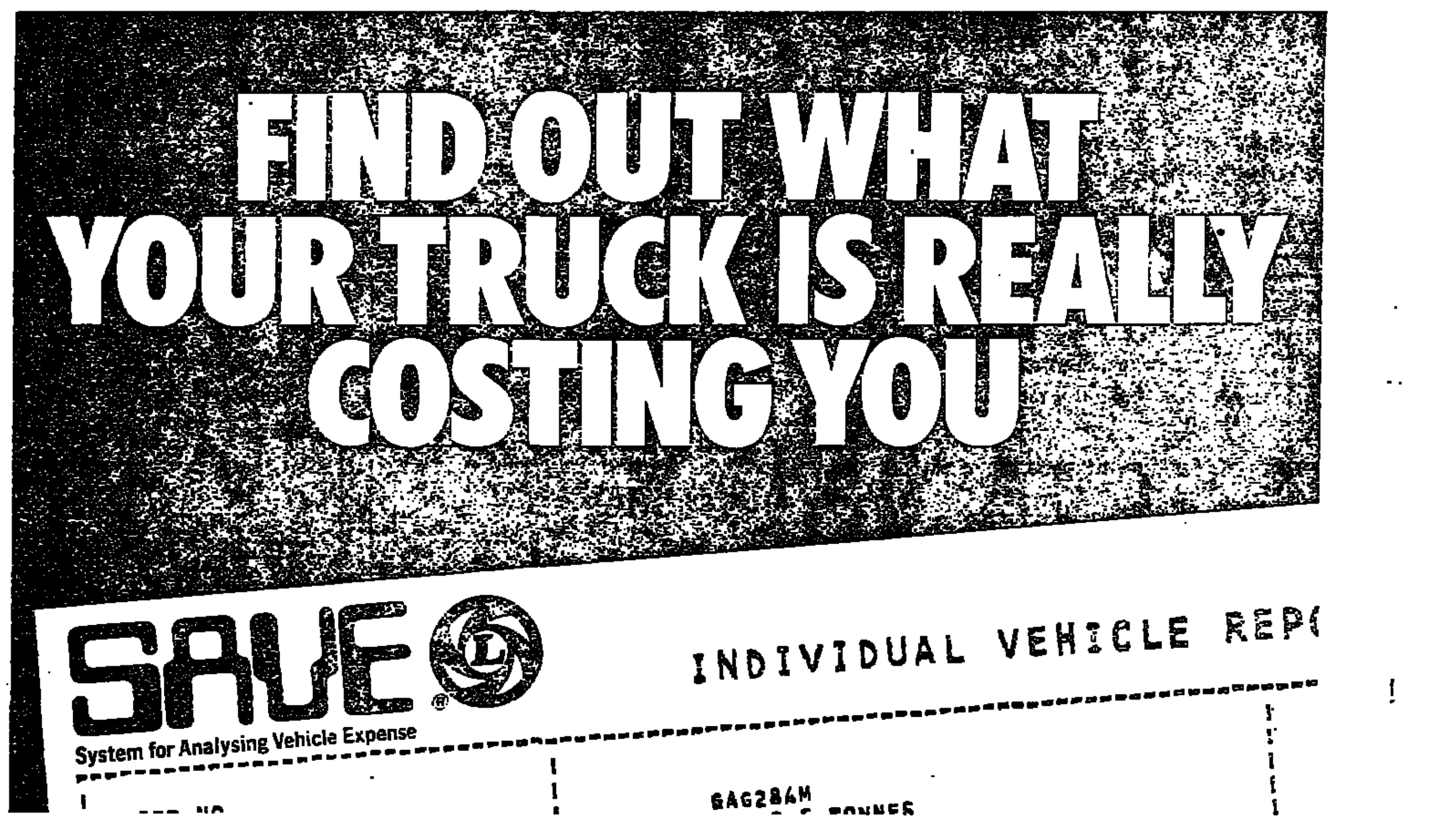
COMPANY RESULTS

Interim figures: British Cinematograph Theatres. Stavert Zigomala (Holdings).

LUNCHTIME MUSIC, London

Piano recital by Paul Berkowitz, St. Lawrence Jewry-next-Guildhall, Gresham Street, EC2, 1.0 pm.

Organ recital by Jonathan Rennert, St. Michael's Cornhill, EC3, 1.0 pm.



No matter how you operate your fleet, there's always room to cut your costs.

That's why Leyland Vehicles have introduced S.A.V.E., our computer System for Analysing Vehicle Expense.

Use it if you operate any make of truck, not just Leyland. And we can help you run them more cost-effectively.

How S.A.V.E. works.

The system works best if both sides co-operate fully. On our part, by sending a consultant well versed in the problems of an operation on your scale. And on your part, by trusting us enough to impart your most confidential information—on running, maintenance, fixed and overhead costs.

Once we've achieved both of these aims, we can feed all the relevant information into our computer. And in strict confidence send you back a detailed set of reports.

These will include an analysis of vehicle defects to the minutest detail; an acurate analysis of your exact operating costs; reports on the performance of each of your vehicles and your entire fleet; comparisons between your organisation and similar operations; and clear-cut indications as to where changes in operating procedure could save you money.

Finally, if it's necessary we can get together again to solve any problems highlighted by the reports.

S.A.V.E. is one of many services offered as part of our 'Co-Driver' scheme. Its aim is to ensure that you get the most from your vehicles, by making use of our wealth of experience in road transport.

If you'd like details of what S.A.V.E. costs or the complete Co-Driver package, contact your nearest Leyland Distributor. Or send for the brochure to Leyland Vehicles Limited, Sales & Marketing Headquarters, Guild Centre, Lords Walk, Preston PR1 1QY.

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Name
Position
Company
Address
FT1/81

CO-DRIVER

Leyland Vehicles

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	13½	½-year	1,000	5-7
Redbridge (01-478 3020)	13½	½-year	200	5-6

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

£000's capitalisatn.	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
3,584	Airsprung	62	+3	6.7	10.8	5.6
825	Armitage and Rhodes ..	33	+2	1.4	4.2	13.6
11,548	Bardon Hill	189xd	+3	9.7	5.1	7.1
520	County Cars 10.7% Pf	52	−11	7.6	14.6	—
7,385	Deborah Ord.	96	—	5.6	15.7	4.8
4,537	Frank Horsell	121	+1	7.9	6.4	3.8
8,668	Frederick Parker	60	−1	11.0	18.3	2.7
1,618	George Blair	76	+1	3.1	4.0	—
2,700	Jackson Group	108	+5	6.9	6.4	4.1
16,838	James Burrough	122	—	7.9	6.5	10.0
3,315	Robert Jenkins	325	+5	31.3	9.6	—
2,650	Scruttons "A"	53	+2	5.3	10.0	3.8
3,415	Torday	222	+1	15.1	6.8	3.8
2,992	Twinlock Ord.	14	+½	—	—	—
2,184	Twinlock 15% ULS	80	+1	15.0	18.7	—
5,646	Unilock Holdings	37	+2	3.0	8.1	3.8
12,306	Walter Alexander	102	+2	5.7	5.5	5.6
5,951	W. S. Yeates	255	+4	12.1	4.7	4.1

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000–£50,000 accepted for fixed terms of 3–10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 23.1.81

Terms (years)	3	4	5	6	7	8	9	10
INTEREST %	13	13	13½	13½	13½	13½	13½	13½

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Rd., London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for ICFC and FCI.

Companies and Markets

UK COMPANY NEWS

Mallinson accepts Brooke Bond bid

Mallinson-Denny, the timber group, has finally come out in favour of the bid from **Brooke Bond Liebig** which values the whole company at just over £60m.

In the formal offer document sent out at the weekend, Lord Limerick, Mallinson's chairman, said the offer was fair and reasonable. The board and its advisers, Kleinwort Benson, recommended acceptance.

Brooke Bond, whose activities cover tea, coffee, meat and other foods, already owns nearly 29 per cent of the shares — it picked up a large slice in a July "dawn raid" — and has bid nine of its own shares plus 405p cash for every 10 units of Mallinson.

This values each Mallinson share at around 82p, and there is also a cash offer of 80.1p. This compares with Friday's closing price of 74½p. The bid closes on January 24.

Lord Limerick said: "In present economic circumstances, with trading conditions likely to remain difficult for some time, your board recognises the attractions of BBL's offers to Mallinson-Denny shareholders."

When Brooke Bond made its bid, Mallinson said it was not yet convinced of the industrial logic of the two groups coming together, but added that the price "may seem attractive in default of any other offer."

Brooke Bond has assured Mallinson that it will keep the company as a separate entity with its present name and management, encouraging its development "by additional support through BBL's resources."

Both Lord Limerick and Mr. Ronald Macpherson, the deputy chairman, will join the Brooke Bond Board if its bid succeeds. The document shows that Mr. Macpherson has a service contract for £52,500 a year until October 1985.

Another director, Mr. Terence Mallinson, has a £22,500 service contract until October 1986. Lord Limerick will leave the Board of Mallinson-Denny on becoming a non-executive director of Brooke Bond.

Mr. Peter Sawdy, the deputy chairman of Brooke Bond, said the "additional support" referred to in the document took account of the heavy indebtedness involved in the timber business. "Our financial resources will help them to be more ambitious in their trading," he commented.

NEW LIFE BUSINESS

Scottish Provident's performance weakens

REDUCED NEW life business and higher pension business last year is reported by the **Scottish Provident Institution.** New annual premiums rose by 3 per cent overall from £14.74m to £15.19m, but ordinary life business premiums fell 7 per cent from £5.94m to £5.52m. Pension scheme business improved nearly 10 per cent from £8.8m to £9.67m.

The SPI recorded good sales of pure protection contracts, but sales of self-employed regular premium contracts fell slightly and sales of ordinary life policies were also lower. The company continued its successful marketing of executive pension arrangements, and continued to receive a steady flow of premiums from new entrants to pension schemes.

Single premium business dropped 13 per cent from £7.61m to £6.62m. Self-employed pension business and term assurance contracts showed growth in single premiums, but sales of immediate annuities were well down.

Mr. Joe Mcharg, general manager of SPI, stated that last year had been very hard going for many sections of the savings market, and the company's figures had been sustained only by the natural increase in pension business. He expected this year to produce its fair share of problems.

The Scottish Life Assurance Company reported that new annual premiums rose by nearly 5 per cent in 1980 from £10.3m to £10.8m and single premiums by over 7 per cent from £9.3m to £10m. New sums assured were £450m compared with £373m.

Growth in annual premium business occurred in both individual life and in group pension business. New annual premiums on life business rose from £3.6m to £3.8m, despite the self-employed contracts not being particularly buoyant.

On single premium business, sales of immediate annuities declined slightly, but this was more than compensated by sales of compulsory purchase annuities in connection with pensions schemes.

New life business lower than the previous year and unchanged pensions business is reported for 1980 by the **Scottish Mutual Assurance Society.** New annual premiums declined from £8.4m to £8.2m, this fall occurring in life business which dropped from £3.7m to £3.4m.

New group pension annual premiums rose from £4.7m to £4.8m, with increased payments to the managed pension fund, backed by a good investment performance.

Single premium business remained unchanged at £6.2m. Sales of immediate annuities declined from £3.5m to £2.5m, but this was compensated by increased payments to the managed pension fund.

Syndicate buys Lelliott stake

Barclays Development Capital, a subsidiary of Barclays Merchant Bank, together with Norwich Union Life Insurance Society, Prudential Assurance Company and British Railway Pension Funds, have purchased a minority shareholding from the existing shareholders of **John Lelliott (Holdings)** for £1.5m.

Lelliott's main activity is the refurbishment and fitting out of properties in the West End and City of London. In five years, this private company has grown from a turnover of £6m in 1976 to nearly £30m in the year ended June 30, 1980.

ANVIL PETROLEUM

Attock Petroleum changed its name to Anvil Petroleum on December 29.

APPOINTMENTS

Two new Dalgety Board members

Mr. D. H. Henderson and Mr. R. B. Vaughan have been appointed additional directors of DALGETY. Mr. Henderson is a director of Imperial Chemical Industries, where his responsibilities include commercial and planning matters. Mr. Vaughan is chairman and managing director of Dalgety Australia.

*

Mr. David McLeod and Mr. John Heywood have been appointed managing directors of JARDINE MATHESON AND CO. Mr. McLeod became a deputy managing director in 1978 and is in charge of operations in Hong Kong and China. Mr. Heywood has been a deputy managing director since 1978 and controls international operations. Mr. T. J. Bedford, managing director, the Hong Kong Land Company, and Mr. George Ho, a director of Hong Kong Land and managing director, Hong Kong Commercial Broadcasting Company, are new directors of Jardine.

Appointed general managers of Jardine are Mr. Kenneth Boey, Mr. David Chu, Mrs. Eleanor Lingfi, Mr. Thomas Kendall, Mr. John Spence, Mr. Timothy Westinghouse and Mr. Michael Wong.

*

Lord Holderness has been appointed a regional director of the Yorkshire and Humberside regional Board of LLOYDS BANK, which sits at Leeds under the chairmanship of Mr. A. B. Hampton. Lord Holderness is a director of the Hargreaves Group and a Deputy Lieutenant for the East Riding of Yorkshire.

*

Mr. R. J. L. Henstock has joined the Board of CARLTON REAL ESTATES.

*

Sir Philip Southwell has relinquished the presidency of BROWN AND ROOT (UK) and the chairmanship of Brown and Root-Wimpey Highlands Fabricators. Sir Philip retired as chairman of Brown and Root (UK) in June 1978.

*

Mr. Peter L. Whiting has been elected chairman of the ASSOCIATION OF BOARD MAKERS. He is operations director, Purfleet division, Thames Board.

INSURANCE

Lloyd's market identity at risk

BY OUR INSURANCE CORRESPONDENT

"IN RECENT YEARS there have been mergers between large broking groups which have substantially increased the concentration of business . . . beyond a certain point, concentration of Lloyd's broking business in a few hands might be a real threat to Lloyd's."

These observations were made by Sir Henry Fisher's working party in their report published last summer on self-regulation at Lloyd's of London.

In 1978 about 40 per cent of all Lloyd's premiums of £1.6bn was produced by just three broking companies. For comparative purposes, in 1974 the three largest brokers were producing just over 28 per cent of all Lloyd's premiums.

Concentration of business at Lloyd's has manifested itself in other ways. Managing agents, the companies which run the Lloyd's underwriting syndicates that insure the risks, are often controlled by a Lloyd's broker. When the Fisher team prepared its report, over 45 per cent of the underwriting capacity at Lloyd's was managed by agencies under the control of brokers, while a further 6 per cent of underwriting capacity was managed by agencies with an indirect broker equity involvement.

The Fisher working party concluded that the eight largest agencies were controlled by the eight largest brokers. These eight brokers produced nearly 60 per cent of the premium for Lloyd's.

As the Fisher team was preparing its report, major developments were taking place in the broking community. Sedgwick Forbes was merging with Bland Payne to form the UK's largest Lloyd's broking group. The effects of that merger were not reflected in the 1978 statistics contained in the Fisher report.

Last month, the Sedgwick group announced that it is planning to merge with Alexander and Alexander of the U.S., the world's second largest insurance broker. Marsh and McLennan of the U.S., the world's largest broker, has taken over C. T. Bowring of the UK.

Lloyd's insists that it is a market-place where competition takes place vigorously among its own underwriters, while an underlying *esprit de corps* prompts the members to work together for the good of the market.

Yet the concentration of broking business and underwriting capacity with the ultimate fusion of both broking and underwriting interests can only serve to eliminate competition, as well as create the host of conflicts of interest which the Fisher working party found unacceptable. At risk is the market identity of Lloyd's itself.

Lloyd's is coming to resemble a broker-managed underwriting pool rather than a market, an underwriting adjunct to the major brokers rather than an independent institutional entity.

The large brokers have of course done much to promote the interests of Lloyd's and market its services. Moreover, the concentration of power and business within Lloyd's, at the expense of the elimination of some internal competition, has helped support Lloyd's pricing of rates and underpinned profitability.

Lloyd's is famed for its flexibility of approach and its response to insurance needs. As larger units are formed the market and it assumes a more monolithic character, will Lloyd's remain as flexible or as responsive?

Lloyd's is a market where underwriters are in competition with each other, said Sir Henry Fisher, and where (if there is to be genuine competition) brokers should place their business with those underwriters who offer the best terms. "It is inconsistent with this ideal if brokers favour their own syndicates."

And, it could be asked, if internal competition and flexibility is eliminated over the longer term by continuing large mergers, will Lloyd's be able to maintain its supremacy in world insurance markets as a centre for innovation and development?

These characteristics have been fostered in an environment which had traditionally encouraged the independent entrepreneur.

So far, the debate about concentration of power within Lloyd's has centred on the actual and potential conflicts of interest which have been created through the brokers' shareholding links with underwriting interests.

Sir Henry Fisher has recommended that brokers should divest themselves of their rights to manage underwriting syndicates at Lloyd's to avoid abuses through conflicts of interests. Naturally the Lloyd's brokers are resisting this proposal because of the adverse commercial implications.

But if Lloyd's is to retain any identity as a market, divestment as recommended by the Fisher team, must be taken seriously.

Allied Irish Banks Limited

U.S.$60,000,000

Floating Rate Notes due 1987

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next 6 months' Interest Period has been fixed at 16⅛ per cent per annum. The Coupon Amounts will be U.S.$83.59 for the U.S.$1,000 denomination and U.S.$4179.34 for the U.S.$50,000 denomination and will be payable on 2nd July, 1981, against surrender of Coupon No. 3.

5th January, 1981

Manufacturers Hanover Limited
Agent Bank

Ultramar

Change of Address

Three companies in the Ultramar Group are now based at the following address (having moved from, 2 Broad Street Place, London EC2M 7EP):

Morgan House,
1 Angel Court, London EC2R 7AU
Tel: 01-726 4545

Ultramar Company Limited
Telex: 885444

Ultramar Exploration Limited

Ultramar North Sea Limited
Telex: 8954630

Ultramar

ATTOCK Petroleum Limited has changed its name to ANVIL Petroleum Limited

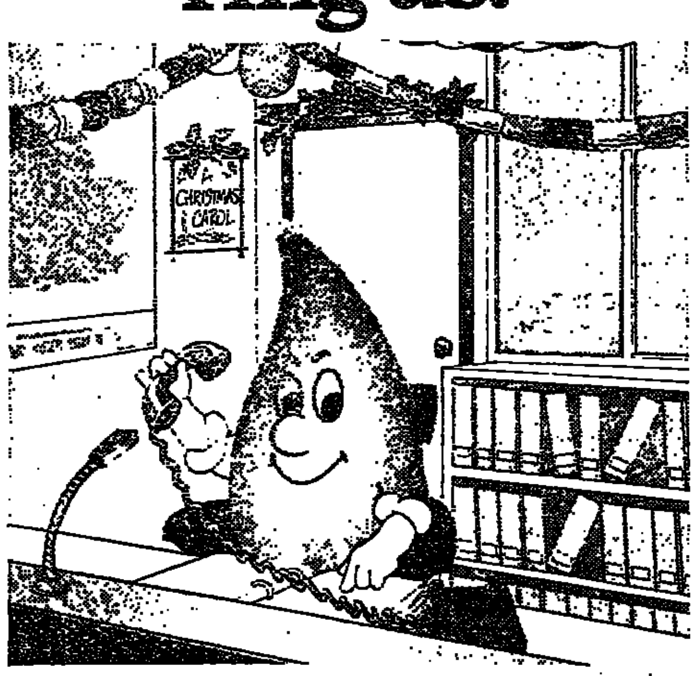
18/21 Jermyn Street, London SW1Y 6HP
Telephone: 01-437 5921. Telex: 8951422

AMRO INTERNATIONAL LIMITED

is pleased to announce
the commencement of operations
on January 5, 1981

30 Finsbury Square, London EC2A 1AB
Telephone: 01-638 8966 Telex: 887139

If you smell gas ring us!



Gas is a very safe fuel – at least as safe as any other. It has to be, because it is the most popular source of heat in British homes. In fact, over 14 million homes use gas. But, like any fuel, it must be treated with respect. So, if you smell gas, please follow these simple safety rules.

- Don't smoke or use naked flames.
- Don't operate electrical switches – on or off.
- Do open doors and windows, to get rid of the gas.
- Check to see if gas has been left on unlit, or if a pilot light has gone out.
- If not, turn off the whole supply at the meter if you can. Then ring us.

Above all, if you smell gas – at home, at work or in the street – ring Gas Service. The number is in the telephone directory under "Gas," and we're on call 24 hours a day. Be specially alert when returning to premises which have been left unoccupied for several days.

For further advice on gas safety, pick up a copy of our booklet "Help yourself to gas safety" at your local gas showroom.

Help yourself to gas safety.
BRITISH GAS

NOTICE OF REDEMPTION

To Holders of

Azienda Autonoma Delle Ferrovie Dello Stato

8¾% Sinking Fund Bonds Due 1986 Direct and Unconditional General Obligation of The Republic of Italy

NOTICE IS HEREBY GIVEN that pursuant to Sections 4 and 6 of the Fiscal Agency Agreement and Sections 5 and 6 of Exhibit A dated January 15, 1971 between Azienda Autonoma Delle Ferrovie Dello Stato, "Issuer" with the intervention of the Minister of the Treasury of the Republic of Italy and Chemical Bank, "Fiscal Agent", the bonds bearing the following serial numbers have been drawn for redemption on February 1, 1981 by operation of the Sinking Fund at the Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date thereof, and that from and after such date fixed for redemption interest thereon will cease to accrue.

13	575	4459	6291	8863	15157	18881	22039	22646	23240	23561	23663	23798	24125	24692
16	899	4542	6479	8865	15411	19018	22144	22653	23253	23564	23664	23799	24194	24694
36	1042	4669	6610	9060	15463	19335	22226	22680	23296	23582	23667	23800	24196	24775
84	1153	4819	6968	9379	16194	19431	22290	22685	23355	23600	23673	23810	24197	24833
127	1334	5031	6969	9651	17021	19566	22291	22696	23356	23601	23689	23811	24198	24896
152	1480	5267	7677	9709	17298	20570	22292	22701	23358	23602	23694	23869	24270	
212	1886	5440	7678	9808	17491	20979	22293	22709	23359	23603	23700	23871	24311	
213	2004	5633	7679	9904	17635	21191	22382	22724	23390	23613	23704	24010	24339	
302	2232	5652	7948	10016	17636	21293	22400	22822	23438	23614	23730	24084	24420	
341	3545	5791	8129	10098	17637	21369	22405	22916	23439	23615	23745	24086	24460	
355	3845	5870	8513	10059	18072	21455	22406	22956	23466	23616	23746	24087	24511	
377	3984	5922	8442	10206	18075	21604	22416	22970	23474	23639	23769	24120	24550	
488	4069	6007	8495	10332	18556	21748	22417	23001	23484	23651	23774	24121	24551	
509	4202	6197	8795	10425	18633	21845	22580	23013	23544	23657	23778	24122	24581	
547	4358	6239	8862	10512	18848	21923	22609	23107	23555	23659	23797	24123	24583	

The above numbered bonds will be redeemed at the principal offices of the Fiscal Agent, Chemical Bank in New York City, or at the main offices of Chemical Bank and S. G. Warburg & Co., Limited in London, the main offices of Banca Nazionale del Lavoro in Milan and Rome, the main office of Banque Lambert S.C.S. in Brussels, the main office of Banque Lambert-Luxembourg S.A. in Luxembourg, the main offices of First National City Bank in Amsterdam, Frankfurt am Main and Paris and the main office of Lavoro Bank A. G. in Zurich, upon surrender of such bonds for payment and cancellation.

CHEMICAL BANK, *Fiscal Agent*

Dated: December 29, 1980

All these notes having been sold, this announcement appears as a matter of record only. December 1980

CHARBONNAGES DE FRANCE

French Francs 400,000,000
13⅞ % Notes
1980-1985
Unconditionally guaranteed by the Republic of France

BANQUE DE L'UNION EUROPEENNE
KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.
THE NATIONAL COMMERCIAL BANK

BANQUE BRUXELLES LAMBERT S.A. — BANQUE DE L'INDOCHINE ET DE SUEZ
BANQUE NATIONALE DE PARIS — BANQUE DE PARIS ET DES PAYS-BAS
CAISSE DES DEPOTS ET CONSIGNATIONS — CREDIT COMMERCIAL DE FRANCE
CREDIT LYONNAIS — KREDIETBANK INTERNATIONAL GROUP
MORGAN GUARANTY LTD — SOCIETE GENERALE
SOCIETE GENERALE DE BANQUE S.A. — WESTDEUTSCHE LANDESBANK GIROZENTRALE

ABU DHABI INVESTMENT COMPANY — BANQUE GENERALE DU LUXEMBOURG S.A.
BANQUE INTERNATIONALE A LUXEMBOURG S.A. — CITICORP INTERNATIONAL GROUP
CREDIT SUISSE FIRST BOSTON LIMITED — INTRA INVESTMENT CO. S.A.L.
KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)
KUWAIT INVESTMENT COMPANY (S.A.K.) — MANUFACTURERS HANOVER LIMITED
NEDERLANDSCHE MIDDENSTANDSBANK N.V. — SWISS BANK CORPORATION INTERNATIONAL LIMITED
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

INTERNATIONAL CAPITAL MARKETS: A REVIEW OF 1980

U.S. CREDIT MARKETS

BY DAVID LASCELLES

Some disturbing questions

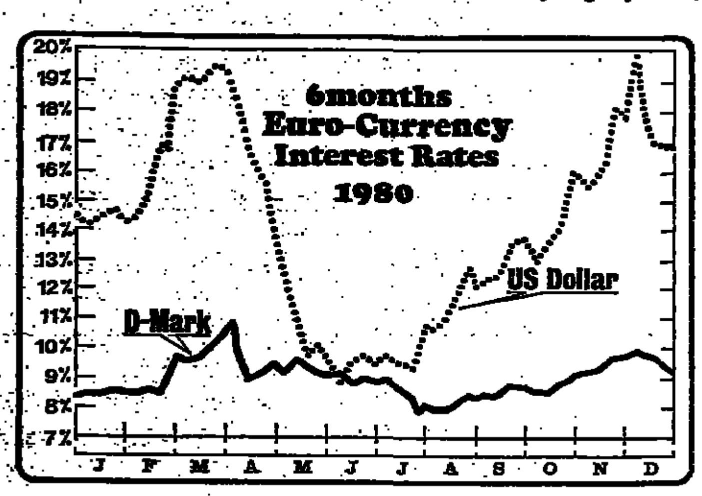
APART FROM bond traders who made huge profits, everyone who borrows or lends in the U.S. credit markets is thankful that 1980 is over. The turbulence and the record-breaking interest rates were more than most people could stand. But will 1981 be any better. Probably not. Moreover, the outlook is darkened by the worry that the credit markets may have suffered lasting damage in the wild gyrations of the last 12 months. If so, the 1980s could force major changes on the way America raises its capital.

Last year was above all one of extraordinary volatility. Not one, but two credit crises hit the market, and each drive interest rates up to new peaks. The prime rate oscillated between 10¾ per cent and 21½ per cent. Good long-term bonds, supposedly a safe haven for widows and orphans, ranged by as much as 30 points, something unheard of in a market which measures change in terms of 1/32 of 1 per cent.

The turbulence was caused by persistently strong credit demand from both business and the Treasury, plus the tenacity of the Federal Reserve's efforts to keep control of the money supply regardless, it seemed, of what this meant for interest rates.

The U.S. corporate sector had a great thirst for finance. In the first quarter it needed money to oil the wheels of a fast-moving economy. But as things slowed down there was a shift to distress borrowing to finance stocks. Although corporations tried to stick by the traditional pattern of borrowing long for capital needs, they were forced increasingly into the short end of the market by soaring rates. At the height of both crises, in March and December, the long-term market dried up completely, but activity in the short market was feverish. In fact, the only time during the year when the markets were remotely back to normal was in June and July, when rates sank into the valley between the two peaks. But even then there was such a backlog of pent-up demand for long-term money that new bonds were being issued at a record rate of more than $2bn a week.

The Treasury, which is oblivious to interest rates, issued a steady torrent of new debt across the whole maturity spectrum, amounting to $92.2bn, nearly three times what it borrowed in 1979, according to calculations by Salomon Brothers, the Wall Street investment firm.



The Fed did its best to keep things under control, using the very imperfect tools at its command. It succeeded in cooling the first crisis by bashing the economy on the head with a heavy package of credit controls in March. This also slowed down the rate of growth in the money supply.

But the economy was not stunned for long. By the end of summer, the pace was quickening again, and the money supply started to gain alarmingly. Again the Fed applied a squeeze by allowing short rates to rise. But apart from increasing the discount rate, it took no administrative action.

A lot of the market's volatility had to do with the fact that the Fed has, since October 1979, been focusing primarily on the growth of bank reserves, and its interventions in the credit markets have been aimed at keeping these under control rather than steering interest rates.

Ironically, the Fed ended up doing a fair job in keeping the growth of the money supply within its 1980 target ranges. M-1A, which measures currency in circulation and demand deposits, will probably end up at the high end of the 3.5-6 per cent bracket set for it, and M-1B, the slightly broader definition, should finish only slightly above the planned maximum 4-6.5 per cent.

Yet measured in terms of its success in the fight against inflation, the Fed has little to be proud of: the rate has run at 1 per cent a month for the last three months, which is worse than it was in the summer.

This is one reason why the market is uneasy about the outlook. So long as inflation remains in double digits, there is no chance that interest rates will fall sharply, though they may edge down a bit from their December peaks. Nor is there much likelihood, despite the best intentions of the new Reagan Administration, that the Federal borrowing requirement will ease. The consensus seems to be that the Treasury will borrow about as much as it did last year. Municipal borrowers also have fairly inflexible credit needs to be satisfied.

The level of corporate borrowing will depend on the state of the economy, which in turn hangs to some extent on what Mr. Reagan does after January 20. Unless high interest rates trigger another recession in the first quarter, the broad expectation is that growth will be flat to slow in the first half, but strengthening by year-end.

The net result is that credit demand will continue to grow this year. But possibly more important, the burden is *expected to fall more heavily on* the short-term market. This is partly because, as 1980 showed, corporations prefer to borrow short while interest rates are high. But on the supply side, the volatility of the bond market has made investors wary of committing funds to 20 or 30-year bonds. This is leading to the gradual erosion of the long-term market, and to the transformation of what was originally a forum for sound investment into a speculative binge. At the same time, investors are learning about the killings to be made in the short-term money markets.

These are the symptons of what some analysts believe to be a profound and disturbing shift in the character of the U.S. capital markets. If so, Wall Street can only look forward to more volatility. Corporations, on the other hand, will find it increasingly difficult to restructure their balance sheets to reduce bank loans and build up long-term debt.

In fact, investment houses are already coming to terms with these changes by issuing more floating rate debt. The recent sale by Sweden on the Yankee bond market of $200m in five-year notes, carrying warrants entitling the holder to buy more notes at par in six months' time, was an unashamed invitation to investors to gamble that U.S. interest rates will go down between now and June. To the Euromarkets such "innovative" financing may sound commonplace. But it is all wondrous strange to a market which still thinks of a bond as something you buy and hold for 30 years, with a coupon you clip every six months.

INTERNATIONAL BONDS

BY FRANCIS GHILES

Hardly a happy year

FIGURES for a new issue activity in the international bond markets suggest that 1980 was a rather happy year. According to Morgan Guaranty a total of $41.78bn in new international bonds was arranged, including $3.4bn in new Yankee bonds in the U.S. domestic market. This compares with $40.99bn in 1979 including $4.5bn in Yankee bonds.

Eurobonds accounted for $23.84bn of the total compared with $18.73bn in 1979. New dollar-denominated Eurobonds rose to $16.3bn from $12.57bn, while Euro and international issues denominated in Deutsche Marks dropped to $8.45bn from $9.01bn.

Such figures are, however, more than a little misleading for two main reasons. First, a large proportion of dollar denominated bonds again took the form of floating rate notes, many of which are disguised bank credits. They tend to find their way straight into bank portfolios and are not effectively traded as securities.

Secondly, a large volume of new issues does not necessarily mean that all the paper has been bought by investors. The suspicion remains that a fair amount, at least in the dollar and D-Mark sectors, remains on bank books.

Record new issue volume also disguises the fact that 1980 was probably the most difficult year in the Eurobond market's fairly short history. Interest rates see-sawed wildly, with U.S. prime rates hitting a record 21½ per cent last month after hitting a low of 10¾ per cent in the summer.

Each new peak reached by U.S. domestic — and therefore also by Eurodollar — interest rates pushed many market operators to the sidelines. Still more were left wondering whether the Eurobond market would ever regain its composure and trade normally again.

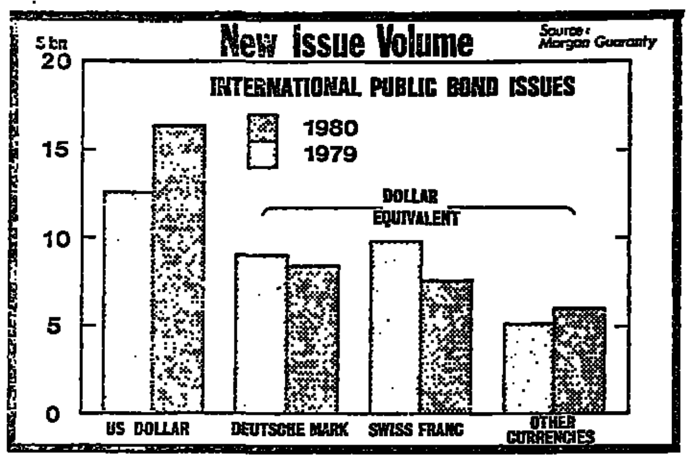
The upheavals in interest rates resulted in some dramatic falls in prices of seasoned issues. Such movements are now much larger and swifter than at any time in the last decade. Confusing U.S. economic statistics and uncertainty over the policy stance of the U.S. Federal Reserve fuelled market volatility.

Other factors, however, have also contributed to market volatility. The private investor has all but withdrawn from the market, which at the investor level is now dominated by the large institutional fund manager.

Managers of large funds, unlike smaller private investors, are very active people. They do not sit on paper they buy until it matures and their activity has introduced a new dimension to "swapping" between various sectors of the market.

In particular, swapping between Eurobonds and U.S. Treasury bonds became more common in 1980 as investors sought to take advantages of even quite small differences in yield. Previously swapping concentrated much more heavily on currency considerations.

This is not to say that currency considerations were entirely absent in 1980. The weakness of the D-Mark on exchange markets prompted the largest-ever rush out of bonds denominated in the German currency. Sterling bonds were in demand, *although this affected the gilt-edged market* more than the Eurosterling sector and elsewhere more issues were successfully arranged than ever before in French francs ($821m equivalent).



The strain on the D-Mark sector finally proved too much in November, when the Capital Markets Sub-Committee finally found itself forced to agree on a moratorium of new issues, a decision which was extended at the committee's next meeting in December. Just before Christmas, the banks agreed to limit the volume of new issues to DM 500m, at least until April 15, 1981. This gentleman's agreement should help to keep the market more stable than it was until late November.

For fixed rate issues, the new issuing side of the dollar sector was even more of an up and down affair than in the D-mark sector. In the ten heady weeks which followed Easter, the new *issue side of the business* accommodated $16.3bn worth of new dollar bonds. This was made possible by the rapid fall in U.S. interest rates between late March and late June. The market then turned sour and issuing activity in fixed interest dollar bonds never really recovered.

By contrast, the convertible sector attracted considerable investor interest last year, especially in the fourth quarter. For bond investors, buying convertibles was a way into the equity boom which characterised the major world stock exchanges.

Interbond Services, a subsidiary of DataStream International, estimates that the volume of new convertible bonds issued in the dollar sector last year more than doubled, to $1.97bn from $880m in 1979. The *share of this type of security* in total new issue volume grew rather more slowly to 15.8 per cent from 9.1 per cent but it still reflected the growing fashion for such issues.

With $7bn worth of convertibles already floated before 1980, trading and swapping possibilities in this sector have become numerous. The choice of names is also great as companies from major European and North American countries as well as Japan have at some time floated convertibles.

Last year high technology U.S. companies and Japanese borrowers were by far the most frequent fund raisers on this market. Such paper remains highly speculative, however, and some mishaps in December simply underlined this point. As the Dow Jones industrial average fell in the wake of high U.S. interest rates, many issues fell to heavy discounts in the secondary market, others were cut in amount or cancelled.

Against all the financial turmoil experienced in 1980, the Swiss franc market had a rather quieter year. The flow of new issues was much more steady than in the D-Mark sector and price falls of seasoned issues were more moderate too when U.S. interest rates rose, especially in November-December. This was because of the steadier tone of the currency—itself the result of a lower trade deficit than Germany. A notable feature of the Swiss franc sector has been the large number of Japanese convertibles.

The volume of yen denominated bonds rose markedly during the second half *of the year. The strength of* the yen and the great interest shown by Middle East investors in acquiring Japanese assets pushed the volume of new yen issues up from $1.1bn during the first six months of 1980—a figure not very different from the first half of 1979—to $1.8bn in the third quarter. Throughout the second half borrowers kept delaying the issue of new paper at short notice in the hope that rates would fall.

Turning finally to borrowers in the international bond markets, the most outstanding feature of 1980 remains the large increase in the volume of Eurobonds arranged for U.S. companies, which increased by more than 40 per cent to $4.1bn. Otherwise the U.S. followed by Japan remained the largest country borrowers with $5.6bn and $5.3bn respectively of new issues, while Sweden more than doubled its shopping list to $3.2bn. Norway's borrowing meanwhile was more than halved to $891m.

TOP LEAD MANAGERS IN THE EUROBOND MARKET

Name	Amount $m
1 Deutsche Bank	2,415.6
2 CSFB	2,308.4
3 Morgan Stanley	1,345.1
4 S. G. Warburg	877.8
5 Paribas	839.1
6 Goldman Sachs	760.0
7 Societe Generale	669.0
8 Salomon Bros.	633.5
9 Dresdner Bank	574.6
10 WestLB	542.7

Note: Includes all public issues of Eurobonds (excluding foreign bonds in domestic markets in Europe, U.S. and Japan) issued in 1980. Full amount credited to lead manager, or divided equally between joint lead managers.

SYNDICATED LOANS

BY PETER MONTAGNON

Frustrated quest for higher spreads

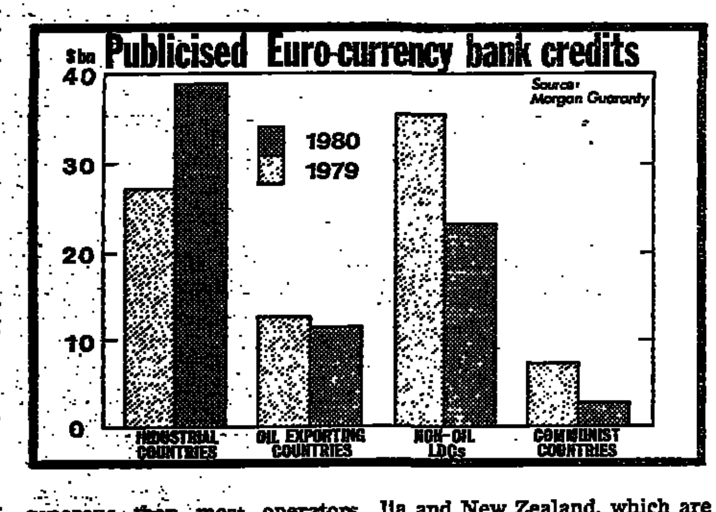
IN THE syndicated credit market 1980 began on a note of deep uncertainty tinged with the hope among many lenders that the year would see a recovery in margins to a level consistent with worthwhile profits.

The banks felt they had particularly good reasons for talking spreads higher. Not only was the market in a state of extreme uncertainty and confusion following the U.S. action to freeze Iranian assets and the Soviet invasion of Afghanistan, but demand for credit also looked like being very strong because of the balance of payments impact on borrower countries of the 1979 surge in oil prices.

In the event, these arguments were quickly scuppered by an extraordinary reluctance of borrowers to come to the market at all. The year got off to a very slow start as borrowers, unsure of market developments and bewildered by the very high level of U.S. interest rates, decided to hold off their fund-raising programme for as long as possible.

What developed was a game of cat and mouse. The banks held out for their much-cherished higher spreads but the borrowers refused to suffer the loss of prestige that such a change in market conditions would inevitably entail. Meanwhile, the market was growing more and more liquid under the pressure of OPEC deposits building up in the international banking system.

Eventually this helped to revive competition for mandates as banks began to come under pressure to place at least some assets on their books in 1980. So, in the end, it was the banks who capitulated as some of them began to break ranks and agree to conditions markedly more generous than most operators were theoretically ready to countenance.



Thus some of the earliest mandates of the year emerged on terms that were noteworthy for their low margins. Brazil launched its 1980 programme with a $250m, 10-year credit for the state oil concern, Petrobras, at a split margin of only ⅞-1 per cent. In April, bankers were dismayed to see Mexico pushing through a major credit package on spreads ranging from ½-⅝ per cent, while in Europe Denmark, whose central bank governor, Dr. Erik Hoffmayer, had warned in January that the country was on the edge of an economic abyss, was able to raise $250m over eight years on a margin of ½ per cent, the same as that applied to a 10-year credit in 1979.

Such frustrated hopes for better returns set the tone for much of the remainder of the year. As 1980 wore on there seemed to be very few borrowers—with the notable exception of Brazil—who were actually paying more for their money. In some cases spreads held steady at low levels; in others they declined noticeably.

But this should not be taken to mean that market conditions were straightforward after the shaky initial start to 1980. There is every evidence of an increasing selectivity in bank lending policies. Last year many of those countries which might haved faced higher spreads simply borrowed less in the credit markets.

This applies particularly to non-oil developing countries and Communist countries. Morgan Guaranty figures show that the first group raised only $23.19bn in publicised medium-term credits last year compared with $35.41bn in 1979. Borrowing by Communist countries slumped to $2.81bn from $7.33bn.

By contrast industrial countries pushed their activity to record levels raising an overall $38.72bn compared with $27.25bn. This group includes the ultra-low margin countries, such as France, Ireland, Australia and New Zealand, which are regarded as more or less totally secure by lending banks.

In the increasingly uncertain economic and political world conditions of 1980 banks flocked to lend to this group, pushing margins to undreamed of lows. By late in the year Gaz de France, in a little publicised operation, was able to sign a medium-term credit bearing a margin of only 0.2 per cent for the first year.

More striking, however, was the intense borrowing activity in the next tier of countries—smaller developed nations such as Spain and Italy which do not qualify for the finest margins but still represent a very high quality risk. Italy raised no less than $6.53bn last year compared with $3.71bn in 1979, while Spain borrowed $5.37bn compared with $4.18bn.

In the developing countries the picture was a little more mixed. Brazil met widespread resistance to its borrowing needs as banks became more and more anxious over its intractable balance of payments deficit and high inflation rate. By the end of 1980 it was paying 2 per cent over Libor or U.S. prime for *public sector borrowing.*

Argentina, too, which had managed to depress margins to a split ½-⅝ per cent in the summer, faced a slight hardening of terms in the autumn as banks became anxious about the large volume of Argentinian borrowings and about the liquidity squeeze on the country's private banks.

Elsewhere, banks failed to push through an increase in margins for some borrowers, such as the Philippines, whose economic performance appeared to warrant stiffer terms. South Korea, which faced political unrest as well as economic weakness, was also still borrowing on favourable terms at the end of 1980. The Korea Development Bank floated a $600m credit on a margin of ⅞ per cent for eight years, which was only marginally firmer than the ¾-⅞ split margin obtained by the Korea Exchange Bank on a $550m credit in the spring.

There is no doubt that the *current level of spreads* is far from satisfactory for the banks, but bankers are now much less confident in predicting a recovery in margins than they were a year ago.

Some banks, especially those in West Germany, have become reluctant to participate in syndicated credits on current terms. U.S. banks, too, shy away from deals offering a return below ½ per cent but their caution is to some degree at least offset by signs that Japanese banks have become steadily more active in the nine months since they were allowed to resume lending by the Ministry of Finance in Tokyo.

Moreover, it is very doubtful whether higher spreads could accompany an increased volume of business. A number of borrowers prefer to seek alternative means of finance rather than accept higher margins. Bilateral credits involving only one or two lenders in each deal proliferated last year. For the banks these are cheaper to arrange than large syndications and such deals can help cement a relationship with a borrower that is lucrative for other reasons.

Another variation which has grown in popularity is the prime-based deal where the margin is set over U.S. prime rates. Such deals aim to attract regional U.S. banks into the international arena and are very lucrative for any bank which can fund them from a domestic deposit base in the U.S. For the borrower they therefore represent a good way of achieving a margin that is low in nominal terms.

Such deals certainly helped inject extra life into the syndicated loan market in the closing months of the year, but in themselves they do not seem to have the potential for stimulating a return to the heady days when an ever increasing amount of business was generated at a highly profitable price. These days were definitely not a part of 1980. It would be a rash man indeed who, surveying the current scene, would confidently predict a reappearance of such conditions in 1981.

TOP LEAD MANAGERS OF SYNDICATED EUROLOANS

Group	Volume of loans $bn	No. of deals
1 Citicorp Intl.	17.4	97
2 Chase Manhattan	15.0	99
3 Bk. of Montreal	13.6	48
4 Lloyds Bank Intl.	13.3	72
5 Morgan Guaranty	13.1	58
6 Man. Hanover	13.1	57
7 Bankamerica	12.1	63
8 Credit Lyonnais	10.6	71
9 Nat. West.	10.2	47
10 BNP	10.1	36
11 Ryl. Bk. Canada	9.9	46
12 Bank of Tokyo	9.9	56
13 Barclays Bank	8.9	37
14 CIBC	8.9	35
15 Bk. of Nova Scotia	8.6	26
16 WestLB	7.7	41
17 Toronto-Dominion	7.7	28
18 Dresdner Bank	7.1	33
19 Deutsche Bank	7.0	31
20 Paribas	6.9	27

Source: Capicom International Finance Data Ltd.

COMPANY NOTICES

RAND MINES LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

PAYMENT OF COUPONS

With reference to the Notice of declaration of dividends released on 8th December, 1980, the following information is published for the guidance of holders of Share Warrants to Bearer of the undermentioned companies. The dividends were declared in South African currency and dividends payable from the offices of the Secretaries of the companies in the United Kingdom will be paid in United Kingdom currency on or after 6th February, 1981 against presentation of the relevant coupons at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ where listing forms may be obtained, or at Credit Lyonnais, 19, Boulevard des Italiens, 75002 Paris, for payment in French currency.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10 a.m. and 3 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent from the dividends payable in respect of Share Warrant *coupons of the undermentioned companies.* United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deduction is made the net amount of the dividend will be as shown under:—

Name of Company (Each incorporated in the Republic of South Africa) Currency	Durban Roodepoort Deep Limited Coupon No. 114 S.A. Cents	Durban Roodepoort Deep Limited Coupon No. 114 U.K. Currency Equivalent Pence	East Rand Proprietary Mines Limited Coupon No. 120 S.A. Cents	East Rand Proprietary Mines Limited Coupon No. 120 U.K. Currency Equivalent Pence
Amount declared in S.A. currency per share	300	169.349730	195.00	110.077320
Less South African non-resident shareholders' tax at 15%	45	25.402455	29.25	16.511595
	255	143.947275	165.75	93.565725
Less U.K. income tax at 15% (See Note)		25.402455		16.511595
		118.544820		77.054130

Secretaries of the Company in the United Kingdom:
Charter Consolidated Limited,
40, Holborn Viaduct, London EC1P 1AJ.

2nd January, 1981.

NOTE.—Both companies have been asked by the Commissioners of Inland Revenue to state.—

Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividends is allowable as a credit against the United Kingdom tax payable in respect of the dividends. The deduction of tax at the reduced rate of 15% instead of the basic rate of 30% represents an allowance of credit at the rate of 15%.

RUSTENBURG PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)

THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of members of Rustenburg Platinum Holdings Limited will be held in the Board Room, Consolidated Building, Corner of Fox and Harrison Streets, Johannesburg, on Wednesday, 28th January 1981, at 09.30 hrs for the following purposes:

1. To adopt the financial statements for the year ended 31st August, 1980.
2. To re-elect the retiring directors of the Company in terms of the Articles of Association namely: Dr. Z. Feitelson, Mr. M. W. King, Mr. D. E. Maciver, Mr. D. H. Stevenson, Mr. G. H. Waddell and Mr. F. J. L. Wells.
3. To grant, in accordance with Section 221 of the Companies Act, 1973, a general authority to the directors to allot and issue the unissued shares upon such terms and conditions as they may determine.
4. To consider and, if deemed fit, to pass with or without modification the following Resolution as a Special Resolution:— "That the new Articles of Association of the Company contained in the documents marked "A" laid before this meeting, the first page of which has been signed by the Chairman for purposes of identification be and they are hereby approved, and that such Articles of Association be and they are hereby adopted as the Articles of Association of the Company to the exclusion of and in substitution for the existing Articles of Association."

Any member of the Company is entitled to appoint a proxy to attend and to speak and on a poll, to vote in his stead. A proxy need not be a member of the Company.

The Share Transfer Books and the Register of Members will be closed from 21st to 28th January, 1981, both days inclusive.

By Order of the Board.
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per C. E. Jones

Consolidated Building,
cnr. Fox and Harrison Streets,
Johannesburg 2001.
(P.O. Box 590, Johannesburg, 2000).

26th November, 1980

PLANT & MACHINERY SALES

1) ROLLING MILLS
12 in x 30in x 35in wide x 400 hp Four High Reversing Mill.
5in x 12in x 10in wide variable speed Four High Mill.
3.5in x 8in x 9in wide variable speed Four High Mill.
18in x 24in x 250 hp Two High Mill.
12in x 16in x 100 hp Two High Mill.
10in x 16in wide fixed speed Two High Mill.
10in x 12in wide fixed speed Two High Mill.
6in x 16in x 20in wide Four High Mill.
150 x 100 mm x 15 hp Two High Tape Rolling Mill.
110 x 100 mm x 10 hp Two High Tape Rolling Mill.
2) 10in x 8in x 75 hp Two Stand WIRE FLATTENING AND NARROW STRIP ROLLING MILL.
3) DECOIL FLATTEN, AND CUT/LENGTH LINES (SHEETS).
1830 mm x 1.2 mm / 6.5 mm x 20 Ton Coil.
1830 mm x 0.36 mm / 2.5 mm x 15 Ton Coil.
1500 mm x 0.5 mm / 3.2 mm x 10 Ton / 15 Ton Coil.
1100 mm x 2 mm / 8 mm x 5 Ton Coil.
1500 mm x 0.5 mm / 2 mm x 15 Ton Coil.
750 mm x 1 mm / 3 mm x 5 Ton Coil.
400 mm x 0.5 mm / 3 mm x 2 Ton Coil.
4) DECOIL STRAIGHTEN & CUT/LENGTH LINES (ROD).
32 mm to 16 mm diameter x 2 Ton Coil.
16 mm to 6 mm diameter x 1 Ton Coil.
8 mm to 2 mm diameter x 1 Ton Coil.
5) SLITTING LINES
1220 mm x 3 mm x 5 Ton Coil.
920 mm x 5 mm x 10 Ton Coil.
920 mm x 2 mm x 2 Ton Coil.
300 mm x 1.5 mm x 1 Ton Coil.
36in and 48in Sheet Slitters.
6) WIRE DRAWING MACHINES
6 Block, in line, variable speed (560 mm dia x 25 hp D.C.).
9 Block, non-slip cumulative (610 mm dia x 25 hp A.C.).
8 Block, non-slip cumulative (560 mm dia x 25 hp A.C.).
6 Block, non-slip cumulative (356 mm dia x 7.5 hp A.C.).
Horizontal Drawblock variable speed (915 mm dia x 75 hp D.C.).
Horizontal Drawblock variable speed (456 mm dia x 15 hp D.C.).
Vertical Drawblock (2) variable speed (610 mm dia x 25 hp D.C.).
13 and 15 Die Cone Type & Spooler, 4500 ft/min (2 machines).
9 Die Cone Type & Finishing Block, 750 ft/min.
7) BAR REELING & STRAIGHTENING MACHINES
Platt 25 mm to 116 mm capacity.
Robertson 9 mm to 32 mm capacity.
Platt 6 mm to 18 mm capacity.
8) SHEARS AND GUILLOTINES
1220 mm x 25 mm Cincinatti Plate Shear.
510 mm x 16 mm / 50 mm x 50 mm PELS Scrap Shear.
2.5 mm x 3 mm high-speed mechanical Guillotine, Keetone.
9) SHEET LEVELLING ROLLS 920, 1150 and 1850 mm wide.
10) HYDRAULIC SCRAP BALING PRESS, Fielding & Platt.
11) FORGING HAMMER, 3 cwt, slide type, Massey.
12) AUTOMATED COLD SAW, non-ferrous, Noble & Lund.
13) ROTARY SWAGING MACHINE, 25 mm capacity.

WEDNESBURY MACHINE CO. LTD.
Imperial Works, Oxford Street, Bilston, West Midlands
Tel: 0902 42541/2/3 - Telex: 336414

WICKMAN 6 SP AUTOMATIC 1⅝in rebuilt to maker's limits.
WICKMAN 6 SP AUTOMATIC 1½in rebuilt to maker's limits.
WICKMAN 6 SP AUTOMATIC 2⅝in recon. to maker's limits.
200 TON AND 450 TON HYDRAULIC PRESSES.
200 TON MECHANICAL PRESS 8in stroke, as new.
WEIDEMANN 75 TON TURRET PRESS capacity 120in x 60in x quarter inch thick 32-station.
MALMEDIE 4-station COLD HEADER QPB8, excellent.
MATRIX THREAD GRINDERS.

ROLLS TOOLS LTD.
154/6 Blackfriars Road, London SE1 8EN
Tel: 01-928 3131 Telex: 261771

WORLD STOCK MARKETS

NEW YORK

CANADA

Indices

NEW YORK —DOW JONES

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	Dec. 26	Dec. 24	1980/81 High	1980/81 Low	Since C'mpil't'n High	Since C'mpil't'n Low
♦Industr'ls	972.78	963.99	952.05	960.59	966.38	963.05	1000.17 (20/11)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	63.95	63.68	63.41	65.13	62.99	64.04	76.61 (25/6)	60.96 (18/12)	—	—
Transport..	401.43	398.10	396.22	395.67	399.92	396.76	425.68 (28/11)	233.69 (27/5)	425.68 (28/11/80)	12.232 (8/7/32)
Utilities	116.12	114.42	114.20	114.88	115.76	116.87	117.64 (18/11)	95.04 (27/5)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	28,870	41,210	39,750	36,050	16,150	28,480	—	—	—	—

♦Day's high 975.58 low 958.70

Ind. div. yield %	Dec. 26	Dec. 19	Dec. 12	Year ago (approx)
	5.65	5.82	5.95	6.03

STANDARD AND POORS

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	Dec. 26	Dec. 24	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	165.10	154.45	154.04	153.64	153.32	154.43	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.62 (30/6/32)
§Composite	136.34	135.76	135.33	165.03	136.57	135.88	140.52 (28/11)	93.22 (15/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 31	Dec. 24	Dec. 17	Year ago (approx)
Ind. div. yield %	4.36	4.36	4.46	5.38
Ind. P/E Ratio	10.46	9.57	9.39	7.54
Long Gov. Bond Yield	11.86	11.75	12.57	10.16

N.Y.S.E. ALL COMMON

Jan. 2	Dec. 31	Dec. 30	Dec. 29	1980/81 High	1980/81 Low
78.26	77.86	77.68	77.44	81.02 (28/11)	55.30 (22/8)

Rises and Falls	Jan. 2	Dec. 31	Dec. 30
Issues Traded	1,868	2,014	2,012
Rises	1,054	1,042	769
Falls	503	590	835
Unchanged	311	382	408
New Highs	—	55	40
New Lows	—	11	15

MONTREAL

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	1980/81 High	1980/81 Low
Industrials	371.44	363.67	365.52	366.62	426.80 (23/2)	326.61 (27/3)
Combined	353.54	348.46	348.31	342.50	373.96 (20/10)	286.90 (27/3)
TORONTO Composite	2290.4	2268.7	2263.4	2259.6	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
LTV	496,300	20 7/8	+ 1/8	Contl. Air	261,000	12 3/4	+1 1/4
Pan Am Air	322,900	4 5/8	+ 1/2	Card. Pwr.	258,900	17 7/8	− 1/4
Union Oil	307,000	44 1/2	− 1/2	Eastern Air	253,300	7 1/4	—
Texaco	293,700	49 1/8	+1 1/2	GAF	245,100	13 3/4	+ 1/2
IBM	292,600	69 1/8	+1 1/2	Chrysler	234,600	5 1/4	+ 1/8

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	715.9	715.5	714.8	702.2	746.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1/1/80)	728.9	724.6	721.7	714.6	816.0 (17/11)	492.3 (26/3)
AUSTRIA Credit Aktien (2/1/62)	(c)	(c)	66.96	66.75	69.40 (7/1/80)	65.59 (19.9)
BELGIUM Belgian SE (31/12/63)	(c)	64.19	83.57	64.35	105.75 (11/2)	82.62 (11/12)
DENMARK Copenhagen SE (1/1/73)	95.38	(c)	95.61	95.73	98.55 (4/11)	74.79 (5/3)
FRANCE CAC General (29/12/61)	108.60	112.0	112.9	114.0	120.3 (5/11)	97.1 (3/1/80)
Ind Tendance (23/12/79)	96.3	111.8	111.9	113.4	121.5 (5/11)	95.6 (3/1/80)
GERMANY FAZ-Aktien (31/12/58)	221.5	(c)	222.56	220.82	258.89 (25/2)	212.73 (29/3)
Commerzbank(Dec.1953)	685.4	(c)	685.6	683.7	749.2 (26/2)	667.0 (27/3)
HOLLAND ANP-CBS General (1970)	85.7	(c)	85.4	85.9	89.3 (21/11)	74.0 (27/3)
ANP-CBS Indust. (1970)	62.3	(c)	61.6	61.5	63.2 (11/1)	58.2 (29/3)
HONG KONG Hang Seng Bank (31/7/64)	1524.86	1473.69	1486.74	1445.09	1654.57 (15/11)	738.9 (19.3)
ITALY Banca Comm. Ital (1972)	174.19	172.16	171.19	170.20	186.18 (4/11)	85.11 (2/1/80)
JAPAN Dow Average (16/5/49)	(c)	(c)	(c)	(c)	7188.26 (8/11)	6475.93 (27/3)
Tokyo New SE (4/1/68)	(c)	(c)	(c)	(c)	497.96 (20/10)	449.01 (10/3)
NORWAY Oslo SE (1/1/72)	119.7	(c)	119.56	118.19	144.70 (14/2)	110.12 (28/2)
SINGAPORE Straits Times (1966)	659.52	680.82	660.39	684.18	721.70 (21/11)	429.75 (3/1/80)
SOUTH AFRICA Gold (1958)	—	(u)	790.4	814.6	1026.1 (22/9)	498.5 (18/3)
Industrial (1958)	—	(u)	694.2	693.2	660.5 (5/11)	456.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	100.46	(c)	106.11	(c)	100.46 (2/1/81)	100.0 (—)
SWEDEN Jacobson & P. (1/1/58)	(c)	(c)	425.25	418.66	425.25 (30/12)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn.(31/12/58)	(c)	(c)	288.4	298.6	317.9 (11/2)	276.0 (28/3)
WORLD Capital Intl. (1/1/70)	—	159.2	159.3	158.5	184.8 (20/11)	120.6 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

AUSTRIA

1980-81 High	Low	Jan. 2	Price %
336	336	Creditanstalt	336
336	336	Landerbank	336
285	258	Perimooser	275
114	100	Semperit	108
267	230	Steyr Daimler	251
359	250	Veitscher Mag	270

BELGIUM/LUXEMBOURG

1980-81 High	Low	Jan. 2	Price Fls.
2,450	1,034	ARBED	1,232
5,400	5,000	Banq Ind A Lux	5,000
2,170	1,430	Bekaert B	1,450
1,120	820	Cimert CBR	970
386	140	Cockerill	151
2,250	1,480	EBES	1,590
6,280	2,975	Electrobel	3,380
4,210	2,230	Fabrique Nat	2,300
2,600	1,815	GB-Inno	1,990
1,695	1,000	GBL (Bruxl)	1,000
1,351	680	Gevaert	1,312
3,195	2,400	Hoboken	2,610
1,700	1,144	Intercom	1,208
6,510	4,900	Kredietbank	4,900
4,750	3,200	Pan Holding	4,680
6,250	4,600	Petrofina	5,110
5,920	3,950	Royale Belge	4,750
2,895	1,920	Soc Gen Banq	2,025
1,750	1,020	Soc Gen Belge	1,150
3,535	2,800	Sofina	2,905
2,795	2,200	Solvay	2,355
2,735	2,000	Traction Elect	2,100
1,555	998	UCB	990
1,040	658	Union Miniere	690
1,795	980	Vieille Mont	1,028

DENMARK

1980-81 High	Low	Jan. 2	Price Krone
136.5	108	Andelsbanken	128.6
407	218	Baltica Skand	314
121	102.75	CopHandelsbank	119
350	189.75	D. Sukkerfab	323
120	100.75	Danske Bank	117.4
150	102.75	East Asiatic	121.4
167.4	135	Finansbanken	160.4
351	205	Forenede Brygg.	323.4
223.2	149.5	Forende Dampsk	229.4
202.75	155.5	GNT Hldg	190
167.6	129.25	Nord Kabel	158
685	115	Novo Ind.	685
117.5	100	Papirfabrikker	101.4
125.5	105.25	Privatbanken	135.4
133	105	Prov'nsbanken	150
299	238.50	Smidth (FL)	282.4
698	306	S. Berendsen	551
135	95.75	Superfos	120.6

GERMANY

1980-81 High	Low	Jan. 2	Price Dm.
129.9	69.5	AEG Telef.	74
484	346	Allianz Vers.	465
151	121.4	BASF	124
128.8	106	BAYER	109
269.5	213	Bayer Hypo.	215
318.5	251	Bayer Verein	294
217	163.5	BHF Bank	188
172	143	BMW	154.80
334	249	Brown Boveri	249xr
186.4	127	Commerzbank	127.60
68.5	42.2	Conti Gummi	53
283	226.5	Daimler Benz	265.50
273.8	220.5	Degussa	244
144	122	Demag	138.5
274.9	169	D'sche Babcock	173
301.4	226.5	Deutsche Bank	280
185	128.5	DU Schult.	170
205.4	161	Dresdner Bank	171.60
148	116	Dyck Zement	132
224	153.5	GHH.	194.50
77	63	Hapag Lloyd	64.50
126.6	106.6	Hoechst	112.80
37.3	21.1	Hoesch	22.10
475	325	Holzmann (P)	370
165.5	112	Horten	148
218	139	Kali und Salz	212
258.5	195	Karstadt	198.50
200	168	Kaufhof	179
229	176.9	KHD.	176.90
67.8	36.1	Kloeckner	43
68	51	Krupp	51
337	274.5	Linde	310.20
87.5	59.1	Lufthansa	61.50
204	168	MAN	172
139.4	112.8	Mannesmann	127
253.0	195	Mercedes Hlg	230
324	236.5	Metallgesell	308
710	545	Muench Ruck	610
135	74.75	Preussag	121
196	164	Rhein West Elect	174
307	240	Rosenthal	285
310	175.2	Schering	224
285.1	228.5	Siemens	259.50
90.9	54	Thyssen	65.50
185.5	138	Varta	171
160.3	126	Veba	128
280	260	Verein-West	278
191.1	148	Volkswagen	157.50

FRANCE

1980-81 High	Low	Jan. 2	Price Frs.
2,924	1,780	Emprunt 4½% 1973	2,924
11,480	5,680	Emprunt 7% 1973	10,080
4,391	3,353	CNE 3%	3,340
500	328	Afrique Occid	462
576	341	Air Liquide	505
1,555	1,105	Aquitaine	1,280
124	87.5	Au Printemps	111
626	397	BIC	397
165	147	Banq' Rothschild	161
865	523	Bouygues	731
1,170	850	BSN Gervais	1,025
1,855	1,239	Carrefour	1,722
433	325	Club Mediter.	370.5
419	274.5	CGE	369
578	390	CSF (Thomson)	390
375	280	Cie Bancaire	322.5
375	260	Cie Gen Eaux	263.5
169.5	143	Cofimeg	150
215	157	CCF	203
91	56	Creusot-Loire	72.5
289	221.5	CFP	248
42.8	30.2	DNEL	32.3
1,025	602	Dumez	885
388.8	229.5	Ferodo	236
390	267	Gen Occidental	368
132	62.5	Imetal	73
329.8	224	Lafarge	281
732	600	L'Oreal	629
1,858	1,010	Legrand	1,610
72.9	50.9	Machines Bull	51
2,568	1,622	Matra	2,021
925	652	Michelin B	652
580	455	Moet-Hennessy	500
89.9	55.1	Moulinex	69.2
277.8	215	Paribas	239.8
115	86	Pechiney	86
347.5	248	Pernod Ricard	292
340	162.9	Perrier	168
281.2	121.2	Peugeot SA	125.5
270	172	Poclain	179.5
334	256	Radiotech	273
477	418	Redoute	460
142	86	Rhone-Poulenc	88.5
288	196	Roussel-Uclaf	200
144.9	119	St. Gobain	130.3
1,050	616	Skis Rossignol	620
352	260	Suez	305
1,395	688	Telemech Elect.	1,155
265.2	195	Thomson-Brandt	218

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

SINGAPORE

SOUTH AFRICA

BRAZIL

TEL AVIV

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11⅞ 86	100	92⅞	93⅜	+0¼	+2⅞	12.86
CFE 13 87	75	†91¾	92	0	+2	14.85
Citicorp O/S Fin. 10 88	300	89	89½	+0⅛	+3¾	12.73
Citicorp O/S Fin. 12 87	200	95	95½	+0¼	+3¼	12.88
Con. Illinois O/S 9¾ 88	150	86⅝	87⅛	+0⅛	+3¾	12.81
Denmark 11⅛ 90	100	90⅛	90⅝	+1⅛	+1⅞	13.47
Dome Petroleum 13½ 92	50	†99	99½	−0¼	+1½	13.60
EEC 11 95 (May)	75	85⅝	86	0	+2¼	13.18
EEC 11 95 (August)	70	84⅞	85⅜	0	+3	13.28
EIB 13⅝ 90	100	100	100½	0	+2⅝	13.67
Eksportfinans 9½ 87	75	84⅞	85⅜	+0⅛	+2⅞	12.65
Elec. de France 10 88	125	86⅞	88⅜	+0⅛	+3¼	12.47
Export Dv. Cpn. 12⅜ 87	100	97⅛	97⅝	−0⅛	+2¼	13.29
Export Dv. Cpn. 9½ 86	150	85⅝	86⅛	0	+3¼	13.02
Fed. Dev. Bank 12¼ 85	75	*95⅝	96⅛	0	+2⅞	13.29
Fin.-Exp. Credit 10½ 85	50	†87⅞	88⅜	−0½	−0⅛	13.70
Finland, Rep. of 9½ 86	100	82⅛	82⅝	−1⅛	+1	13.83
Ford Credit O/S 14⅛ 83	150	98⅞	99⅜	−0¼	+1⅛	14.81
Ford O/S Fin. 12⅝ 85	250	90	90½	−0¼	+1⅛	15.36
GMAC O/S Fin. 13⅞ 85	100	99⅛	99⅝	0	+2⅞	13.64
GMAC O/S Fin. 12 87	100	93¼	93¾	+0⅛	+3⅛	13.34
Gen. Mtrs. O/S 11⅞ 87	100	91¾	92¼	+0⅛	+3	13.44
Goodyear O/S 12½ 87	75	†95½	96	+0⅛	+2½	13.40
Hudson's Bay 11½ 90	75	89⅞	90⅜	+0⅛	+3⅛	13.29
IBM Canada 10½ 85	50	96½	97	0	+1⅞	11.29
Int. Harvester 12⅞ 85	115	*†95¾	96¼	0	+2⅛	13.77
J. C. Penney Int. 12⅞ 86	100	†97	97½	0	+2⅞	13.00
McGraw 13½ 85	75	*97⅜	97⅞	0	+1⅜	14.11
NorWest Ind. 13⅛ 87	50	96½	97	0	+2⅞	14.32
Nova Scotia 10¾ 90	50	86⅞	88⅛	−0⅛	+1⅛	13.16
OKB 10 85	50	89⅛	89⅝	−0¼	+0⅞	12.75
Pemex 11½ 88	100	†87⅞	88½	+0⅛	+1⅛	13.93
Quebec Hydro 11½ 92	100	87⅞	88⅛	−0⅛	+3¼	13.51
Repsteel O/S 11½ 88	100	†84½	85	+0⅛	+1½	14.72
Roylease 11⅛ 85	50	92⅞	93⅜	−0⅛	+1⅜	13.04
SNCF 12⅞ 85	50	97⅝	98⅛	0	+1⅞	12.87
Sweden 12⅞ 85	150	95⅝	96⅛	−0⅛	+2⅞	13.41
Swed. Ex. Cred. 12½ 85	40	†95	95½	+0⅛	+1½	13.77
Swed. Ex. Credit 12 83	50	95	95½	−0⅞	+1⅝	13.65
Transamerica 12⅝ 83	50	†96½	97	+0⅛	+2½	13.48
Unilever NV 9¾ 90	100	†82	82½	−0¼	+0⅜	12.90
World Bank 9¾ 85	200	88⅝	89⅛	+0¼	+2⅞	12.66
World Bank 10¼ 87	300	87⅛	87⅝	+0⅞	+3⅛	12.93

Average price changes...On day +0⅞ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 90	100	92⅞	93⅜	−0⅛	+1½	9.39
Australia 8⅞ 90	250	96½	97½	0	+2⅛	8.57
Austria, Rep. of 8¾ 92	150	93⅝	94⅛	+0⅛	+0⅞	9.09
BFCE 8⅞ 95	100	†91	91½	0	+1⅛	9.21
CECA 7⅞ 92	150	†91¾	92½	−0⅛	+0¾	8.93
CII-Honeywell 8⅜ 90	125	†94¾	95½	0	+1⅛	9.10
Denmark 8⅛ 92	100	†95¾	96	−0½	+1⅛	8.85
EIB 8½ 90	200	95½	96	+0½	0	9.13
ESCOM 9¼ 87	100	97½	98¼	0	+0⅛	9.64
Iberduero SA 9 90	100	†97½	98⅛	−0¼	+1⅞	9.31
Ind. Bk. Finland 8½ 90	50	†94	94¼	0	+0⅞	9.34
Japan Air Lines 8⅜ 87	100	95⅝	96⅛	−0¼	+0⅞	8.84
Japan Dev. Bk. 7⅝ 87	100	91⅝	92⅛	−0⅛	−0⅛	9.11
Kobe, City of 8 90	100	93½	94¼	+0⅛	+1⅛	8.91
Midland Int. Fin. 8½ 90	150	96⅜	96⅞	−0⅛	+0⅞	9.01
Norway 7½ 85	250	97½	98⅛	+0⅛	+2	8.03
Nucleobras 9¾ 88	100	†92	93	+0⅛	0	11.12
OKB 8¼ 92	150	†92½	93¼	+0½	+1⅛	9.22
Oslo, City of 8⅜ 90	80	98½	99¼	0	+0⅛	8.91
Venezuela, R. of 9¾ 90	150	97⅛	97¾	−0⅛	+0⅛	10.13
World Bank 8 90	700	91⅝	92⅛	+0⅛	−0⅛	9.20
World Bank 10 88	150	104	105	+0⅛	−0¼	9.02
World Bank 10 90	200	105⅛	106⅛	+0½	−0⅛	9.12

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	*96⅛	96⅝	0	+2½	5.85
Bayer Int. Fin. 5⅞ 92	100	*99½	99¾	0	+0½	5.29
Bergen, City of 6 90	50	*100⅜	100⅞	0	+0⅝	5.90
Bubrm'n-Tetterode 7 90	40	*104¼	104½	0	−0⅞	6.40
Copenhagen Tele. 5¾ 90	60	*94⅞	95⅜	0	+1¾	6.40
Denmark 5¾ 90	80	*94	94½	0	+0⅞	6.53
EIB 4⅞ 94	100	*†86½	87	0	+2¼	5.73
Elec. de France 5¼ 90	100	*98¾	99	0	+0¾	5.39
Eurofima 5¾ 92	80	*102	102½	0	+0⅜	5.51
F. G. H. Hypo. Bk. 6 90	50	*†102¼	102¾	0	+2¼	5.67
Finland, Rep. of 5⅝ 90	80	*93½	93¾	0	+1	6.47
GZB 4¾ 89	100	*87⅞	87⅞	0	+1½	5.97
Int.-Amer. Dev. 7 90	80	*103¾	104	0	−0¼	6.47
Japan Dev. Bk. 5⅞ 90	100	*102	102¼	0	+1½	5.48
Jutland Tele. 5½ 90	50	*†95½	96	0	+0⅞	6.07
Mt. Blanc Tunnel 6½ 90	60	*†98	98½	0	+1	5.72
Newag 5⅞ 90	80	*100½	100¾	0	+1⅛	5.66
Nippon Tel. & T. 4⅞ 89	100	*93	93¼	0	+4	5.16
Norges Komm. 4⅞ 91	100	*†87	87½	0	+2⅝	5.91
OKB 4⅞ 91	100	*89½	89¾	0	+4⅞	5.60
OKB 6 90	100	*101⅞	102	0	+1⅞	5.75
Oslo, City of 4⅞ 91	100	*85¼	85½	0	−0⅛	6.15
Oslo, City of 5⅞ 90	80	*101½	101⅞	0	+1⅞	5.71
Philips Lamps 5¼ 92	100	*96	96⅝	0	+1	5.69
Sekisui Pre. Hms. 6 90	80	*100⅛	101	0	+1½	5.88
Shikoku El. Pwr. 4⅞ 89	100	*†92	92½	0	+1½	5.82
Trade Dev. Fin. 6⅛ 90	50	*96⅝	97	0	+0⅜	6.53
Voest-Alpine 6¼ 90	80	*97¼	97½	0	+1⅞	6.09

Average price changes... on day 0 on week +1½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89⅝	90⅛	0	−0⅛	8.89
Australia 6½ 88	20	86⅞	87⅛	0	+0⅛	8.87
EIB 7⅛ 89	12	92⅞	93⅞	0	−0⅛	8.80
Finland 5.6 83	10	89⅝	90⅛	0	0	8.94
Finland 6.8 88	10	85⅝	86⅛	0	−0⅛	9.32
Finland, Rep. of 8⅛ 87	15	95	96¼	0	−0⅛	9.20

Average price changes... on day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	†89½	90¼	+0⅛	+0¼	13.07
CIBC 13½ 85 C$	50	†96½	97¼	−0¼	+1	14.31
CIBC 11½ 85 C$	60	†91½	92¼	−0¼	+1¼	13.64
Federal Dev. 11½ 90 C$	60	†85	85⅞	−0⅛	+0⅛	14.22
Fst. Can. Inv. 10 84 C$	50	†88	89¼	0	+0¼	13.66
R. Bk. Canada 10 86 C$	40	†89	91	0	+2	12.32
Tordom Cpn. 13½ 85 C$	30	†97	97⅞	−0¼	+0¼	14.17
M. Bk. Dnmk. 9 91 EUA	25	90½	91⅜	−0⅞	−1½	10.32
SOFTE 8¾ 89 EUA	40	87½	88¼	−0⅞	+0⅛	10.29
U. Bk. Nrwy. 9½ 90 EUA	18	99½	100⅜	−0⅛	−0¼	9.47
Bk. Mees & H. 10 85 Fl	75	101¼	101⅞	0	+1⅛	9.61
F. G. Hypo 9¼ 87 Fl	60	94¾	95¼	0	+0½	10.72
Heineken NV 10 87 Fl	75	97¾	98¼	0	+1	10.37
Nat. Inv. Bk. 10 87 Fl	75	97⅛	97⅝	+0⅛	+1½	10.49
Nat. Neder. 9½ 87 Fl	60	95⅛	95⅞	+0⅛	+1⅛	10.34
Ned. Midd. Bk. 10 85 Fl	75	101	101½	0	+0¼	9.88
Aero Paris 13⅞ 87 FFr	150	95⅞	96¾	+0⅛	0	13.91
Charbonnages 13⅞ 85 FFr	400	99¾	100⅛	0	+0⅝	13.93
CECA 14⅛ 86 FFr	150	†100	101	0	+0⅛	14.08
Finland 11 84 FFr	80	†89¾	90⅜	+0⅛	+0⅛	13.89
Finland 11½ 89 FFr	70	†84¾	85¼	0	+0⅛	14.48
Gaz de France 11 84 FFr	150	90½	91½	−0⅛	−0⅛	13.84
Renault 9¾ 85 FFr	100	82	83	−0⅛	−0⅛	14.53
Solvay et Cie 9⅞ 87 FFr	125	78	79	−1⅛	−0⅛	14.72
Utd. Mex. Sts. 14 85 FFr	150	97⅞	99⅞	+0¼	+0¼	14.39
Acona 14 85 £	20	95¼	98	0	+0⅛	15.15
Beneficial Fin. 14⅞ 90 £	20	83⅝	84½	0	+0⅞	15.40
Beneficial Fin. 14¼ 90 £	20	93⅞	94⅝	+0⅛	+0⅜	15.36
BNP 13½ 91 £	15	95½	96¼	0	+1⅝	14.26
CECA 13½ 88 £	20	96⅛	97	0	+2⅝	14.17
Citicorp O/S 13½ 90 £	50	94⅝	95⅛	0	+1⅞	14.43
Fin. for Ind. 14½ 88 £	20	99½	100½	+0⅛	+0⅛	14.47
Fin. for Ind. 13⅝ 87 £	20	96½	97½	+0¼	+1½	14.38
Gen. Elec. Co. 12½ 89 £	50	92¼	93	0	+1¼	13.94
Peugeot SA 14 90 £	23	93⅞	94⅝	0	+0¾	15.07
Rothschild 14¼ 90 £	12	97⅛	98⅛	0	+2⅝	14.66
Swed. Ex. Cr. 15⅝ 85 £	20	101⅝	102⅝	+0⅞	+1½	14.59
Banobras 8¾ 90 KD	7	†86⅛	86⅞	0	0	10.42
CCCE 8⅞ 91 KD	10	†76⅞	76⅞	0	0	12.12
Sonatrach 8½ 90 KD	12	†87⅛	87⅞	0	0	10.52
Akzo 9¾ 87 LuxFr	500	88⅞	89⅞	−0⅛	−0¼	11.36
Euratom 9¾ 88 LuxFr	500	94½	95½	+0⅛	+1⅛	10.78
Eurofima 10½ 87 LuxFr	500	98⅝	99⅝	+0¼	0	10.73
EIB 9¾ 88 LuxFr	600	95⅝	96⅝	−0⅛	−0½	10.53
Volvo 9⅞ 87 LuxFr	500	90	91	0	0	11.64

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	†98⅞	99⅜	2/1	10.44	10.54
Bk. of Montreal 5¼ 90	0¼	99¾	100	18/6	5¼	5.27
Bank of Tokyo 5¼ 89	‡0⅛	97½	98	25/4	13.94	14.26
BBL Int. 5 88	0¼	98⅛	98⅞	20/5	16½	16.75
Barclays O/S Inv. 5 90	0¼	†99	99½	13/6	20¼	20.28
Bergen Bk. A/S 6 89	‡0¼	†98⅛	98⅞	29/2	18.19	18.46
BNP 5½ 88	0⅛	98½	99	29/1	14.44	14.62
CNT 5¾ 86	§0¼	97	98	16/4	13¼	13.59
Citicorp O/S F. 84	‡0	99⅛	99⅜	31/1	18⅛	18.49
C. Itoh 5⅛ 87	0¼	†97⅜	97⅞	18/3	12⅞	13.19
Co-operative Bk. 6 86	0⅛	97⅝	98⅛	15/5	15¼	15.58
Den Norske Credit 6 90	0¼	†97½	98	5/2	15¾	16.11
Genfinance 5¼ 87	0½	98	98½	30/4	15⅛	15.39
Giro und Bank 5¼ 91	0¼	98¼	98¾	23/6	5¼	5.33
GZB 5½ 89	‡0¼	†98	98½	1/2	15.06	15.33
Jugobanka 8 89	0⅞	91	93	23/5	16⅜	18.21
Ind. Bank Japan 5¼ 87	0⅛	97¾	98¼	15/4	13.31	13.58
Ind. Bank Japan 5¼ 88	0⅛	97½	98	9/4	13⅛	13.43
Lloyds Eurofin 8 90 £	0¼	94⅞	95⅜	3/1	15⅝	16.62
Lloyds Eurofin 5¼ 92	0¼	97⅞	98⅜	4/6	17¼	17.58
LTCB Japan 5⅛ 86	0¼	100⅝	101⅛	13/6	20.19	20.01
Man. Hanov. O/S 5¼ 94	‡0⅛	97⅞	98⅜	29/2	18⅛	18.45
Midland Intl. Fin. 5 89	0¼	†100⅜	100⅞	30/6	19.56	19.44
Midland Intl. Fin. 5¼ 92	0¼	98⅞	99¼	5/6	17.19	17.36
Nacional Fin. 6⅛ 86	0¼	97¾	98¼	25/1	9.69	9.99
Nat. West. 5¼ 94	§0¼	96¼	97	14/4	13¼	13.71
Nat. West. 5⅛ 92	§0¼	[illegible]	[illegible]	23/4	13.69	14.17
Nippon Credit 5¼ 87	‡0⅛	98½	99	6/2	16.06	16.27
Standard Chart. 5¾ 90	0¼	97⅛	97⅝	6/3	12.08	12.39
Svenska Hndlsbk. 5 87	0¼	98½	99	15/1	10	10.13
Bq. Ex. d'Alg. 4¼ 88 SF	0⅛	*88⅞	89¼	18/6	7½	8.43

Average price changes...On day +0⅞ on week +1

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	102	103	−0⅛	17.56
Canon 6¾ 95	1/81	829	114½	115½	+0½	1.90
Credit Suisse 4¾ 93	10/79	1278	†114	116	−0¼	−3.75
Digicon Fin. 8½ 95	10/81	29.5	†101	102½	0	0.46
Enserch Fin. 9½ 94	7/80	30.25	*†165	166	+1	−0.71
Hanson O/S Fin. 9½ 95	1/81	1.92	106¼	107¼	+4	−1.19
Ina Overseas 8¾ 2000	4/81	42	†101½	102½	0	5.78
Inchcape Ltd. 8 95	2/81	4.55	96¼	97½	0	−3.34
Jaccs 7½ 95	11/80	565	107¾	108¾	+0¼	1.96
Marion Int. Fin. 9 95	12/80	23.25	†103¼	104¼	0	−4.01
Matsushita El. 7½ 95	11/80	649	100⅛	101⅛	+0⅝	14.72
MEPC 8⅜ 96	2/81	2.47	93	94	−0¼	3.82
Niigata Eng. 7½ 96	1/81	327	†95¼	96¼	0	−3.87
Nissho-Iwai Co. 8 96	10/80	398	94½	95½	+0⅛	−6.09
Ricoh 6⅞ 95	5/80	604	†109¾	110¾	+1	−2.72
Sumitomo M. Ind. 7 95	2/81	181	†106	107	+1	−3.90
Swiss Bk. Cpn. 6⅞ 90	9/80	201	†97½	98½	0	6.47
Taylor Woodrow 8⅞ 90	1/81	4.94	92⅞	93⅞	−0⅛	4.98
Transco Int. 8¾ 95	2/81	68	†96	97½	0	13.67
Tricorp 8½ 95	12/80	31.25	†99½	100	0	6.95
Union Bk. Switz. 5 89	2/80	121.4	†88	90	0	−11.75
Fujitsu 5 84 DM	7/79	431.5	131	132	+0⅛	−3.40
Sharp Cpn. 6½ 88 DM	9/80	595	127¼	128¼	+1½	−3.80
Uny Co. 6½ 85 DM	11/79	967.3	101⅛	102½	−0⅛	−2.60

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BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Jan. 2 ...	n.a.	n.a.	n.a.	n.a.
Dec. 26 ...	n.a.	n.a.	n.a.	n.a.
High '80...	83.58	(18/6)	89.19	(2/1)
Low '80 ...	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euroclear
U.S. $ bonds		
Last week	937.6	2,846.8
Previous week ...	964.2	2,650.1
Other bonds		
Last week	196.9	239.7
Previous week ...	417.8	234.4

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January 2

Analysis of bank advances and acceptances

to UK residents by banks in the UK at November 19, 1980; as Table 5 in the Bank of England Quarterly Bulletin.

£m			Advances & acceptances to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1980	Aug. 20	28,009	26,794	1,215	2,016	1,824	217	845	953
		Nov. 19	27,338	26,093	1,245	1,990	1,824	186	866	938
Scottish clearing banks	1980	Aug. 20	3,689	3,441	248	334	288	114	79	142
		Nov. 19	3,785	3,550	235	373	326	123	95	155
Northern Ireland banks	1980	Aug. 20	886	885	1	35	34	2	27	6
		Nov. 19	860	859	1	33	33	1	28	4
All banks	1980	Aug. 20¶	63,565	52,458	11,108	10,163	7,368	2,329	2,225	5,609
		Nov. 19	63,585	53,056	10,530	10,051	7,535	2,305	2,248	5,498
of which in sterling	1980	Aug. 20¶	52,458			7,368		2,250	1,944	3,174
		Nov. 19	53,056			7,535		2,230	2,008	3,296
Changes: in sterling	1980	May/Aug.¶	+3,106			+105		+38	− 3	+ 69
		Aug./Nov.	+ 598			+167		−20	+64	+123
in foreign currencies adjusted for exchange rate effects§	1980	May/Aug.	+ 332			+128		+25	−19	+122
		Aug./Nov.	− 476			−247		− 3	−38	−206

Manufacturing			Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1980	Aug. 20	8,252	7,866	1,085	766	503	714	1,970	433	471	735	1,575
		Nov. 19	7,470	7,089	963	659	427	639	1,844	430	353	661	1,493
Scottish clearing banks	1980	Aug. 20	868	839	226	45	48	39	145	135	15	73	141
		Nov. 19	850	815	220	70	46	39	142	122	17	63	132
Northern Ireland banks‡	1980	Aug. 20	147	146	33	—	—	—	45	—	—	31	37
		Nov. 19	142	141	33	—	—	—	48	—	—	24	36
All banks	1980	Aug. 20¶	18,044	14,988	3,078	2,687	1,009	1,577	3,350	661	1,247	1,254	3,180
		Nov. 19	17,584	14,597	2,995	2,558	1,000	1,507	3,308	641	1,225	1,166	3,185
of which in sterling	1980	Aug. 20¶	14,988		2,344	1,983	885	1,370	2,895	624	1,141	1,132	2,615
		Nov. 19	14,597		2,341	1,854	869	1,317	2,870	604	1,105	1,034	2,604
Changes: in sterling	1980	May/Aug.¶	+1,099		+154	− 90	+109	+183	+246	+ 3	+282	− 11	+222
		Aug.¶/Nov.	− 391		− 3	−129	− 16	− 53	− 24	− 21	− 36	− 99	− 11
in foreign currencies adjusted for exchange rate effects§	1980	May/Aug.	+ 271		+208	− 98	+ 9	+ 13	+ 66	+ 11	+ 33	+ 19	+ 10
		Aug./Nov.	− 37		− 72	+ 8	+ 9	− 14	− 13	+ 1	+ 15	+ 11	+ 20
Advances only All banks	1980	Aug. 20	16,375	13,340	2,733	2,466	845	1,433	3,139	649	970	1,145	2,995
		Nov. 19	15,970	13,006	2,666	2,348	848	1,385	3,104	640	937	1,054	2,989

			Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1980	Aug. 20	3,937	3,901	2,207	211	1,519	5,881	5,875	1,848	4,033
		Nov. 19	4,021	3,874	2,247	277	1,497	6,139	6,132	1,931	4,208
Scottish clearing banks	1980	Aug. 20	833	774	618	74	141	617	613	191	425
		Nov. 19	834	779	615	73	145	651	647	201	450
Northern Ireland banks	1980	Aug. 20	248	248	183	5	60	185	185	49	136
		Nov. 19	239	239	181	4	54	183	183	46	137
All banks	1980	Aug. 20	7,175	6,269	3,140	1,642	2,393	8,688	8,665	2,635	6,054
		Nov. 19	7,210	6,258	3,178	1,662	2,369	9,077	9,039	2,750	6,326
of which in sterling	1980	Aug. 20	6,269		3,119	849	2,302	8,665		2,631	6,033
		Nov. 19	6,258		3,154	828	2,275	9,039		2,746	6,293
Changes: in sterling	1980	May/Aug.	+420		+294	+ 61	+ 64	+553		+180	+372
		Aug./Nov.	− 11		+ 35	− 20	− 27	+374		+115	+259
in foreign currencies adjusted for exchange rate effects§	1980	May/Aug.	− 3		—	+ 8	− 11	− 2		—	− 2
		Aug./Nov.	+ 55		+ 3	+ 48	+ 4	+ 15		+ 1	+ 14

			Services: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1980	Aug. 20	7,924	7,327	581	683	119	1,769	1,471	3,345
		Nov. 19	7,717	7,174	587	435	65	1,826	1,397	3,407
Scottish clearing banks	1980	Aug. 20	1,037	926	142	82	98	163	147	406
		Nov. 19	1,078	983	141	57	93	174	150	464
Northern Ireland banks‡	1980	Aug. 20	271	271		21	9	103	45	94
		Nov. 19	283	282		12	8	106	44	92
All banks	1980	Aug. 20	19,495	15,167	1,883	2,097	1,506	2,753	4,470	6,785
		Nov. 19	19,664	15,627	1,976	1,643	1,585	2,966	4,546	6,948
of which in sterling	1980	Aug. 20	15,167		1,210	388	1,497	2,729	3,014	6,330
		Nov. 19	15,627		1,251	383	1,577	2,932	2,940	6,545
Changes: in sterling	1980	May/Aug.	+ 929		− 13	+ 17	+186	+130	+125	+485
		Aug./Nov.	+ 460		+ 40	− 5	+ 81	+204	− 75	+215
in foreign currencies adjusted for exchange rate effects§	1980	May/Aug.	− 62		− 43	− 16	− 2	− 3	+ 23	− 21
		Aug./Nov.	− 262		+ 55	−435	− 2	+ 10	+157	− 47

† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies. ¶ Three contributors have been excluded from the series in the August 1980 levels of total and "Other British banks," but the changes are unaffected by their exclusion.

CONTRACTS AND TENDERS

PROPOSALS INVITED FOR THE CATERING CONTRACT AT THE SOUTH BANK CONCERT HALLS

The Greater London Council invites proposals for the supply of restaurant, banqueting and other catering services in the South Bank Concert Halls.

The present services include, an a la carte restaurant menu, together with mid price lunch and dinner provision; a cafeteria style service and the operation of several bars, coffee bars and two artists bars.

A considerable element of the catering provision in the Halls is devoted to banqueting services for large conferences of up to 3,000 people and receptions of varying styles and sizes in connection with concerts and other events in the Halls.

A detailed list of the physical facilities available will be supplied on application, together with detailed notes of the hours in which regular services are required and an indication of the range of special functions which need to be catered for. Inspection of the facilities will be arranged for those submitting serious proposals.

The Council does not wish, at this stage, to specify too precisely the exact menu approach to these different aspects of the catering function but expects to receive imaginative and attractive submissions, together with financial proposals in connection with the operation of the service, which at present yields a considerable revenue to the Council.

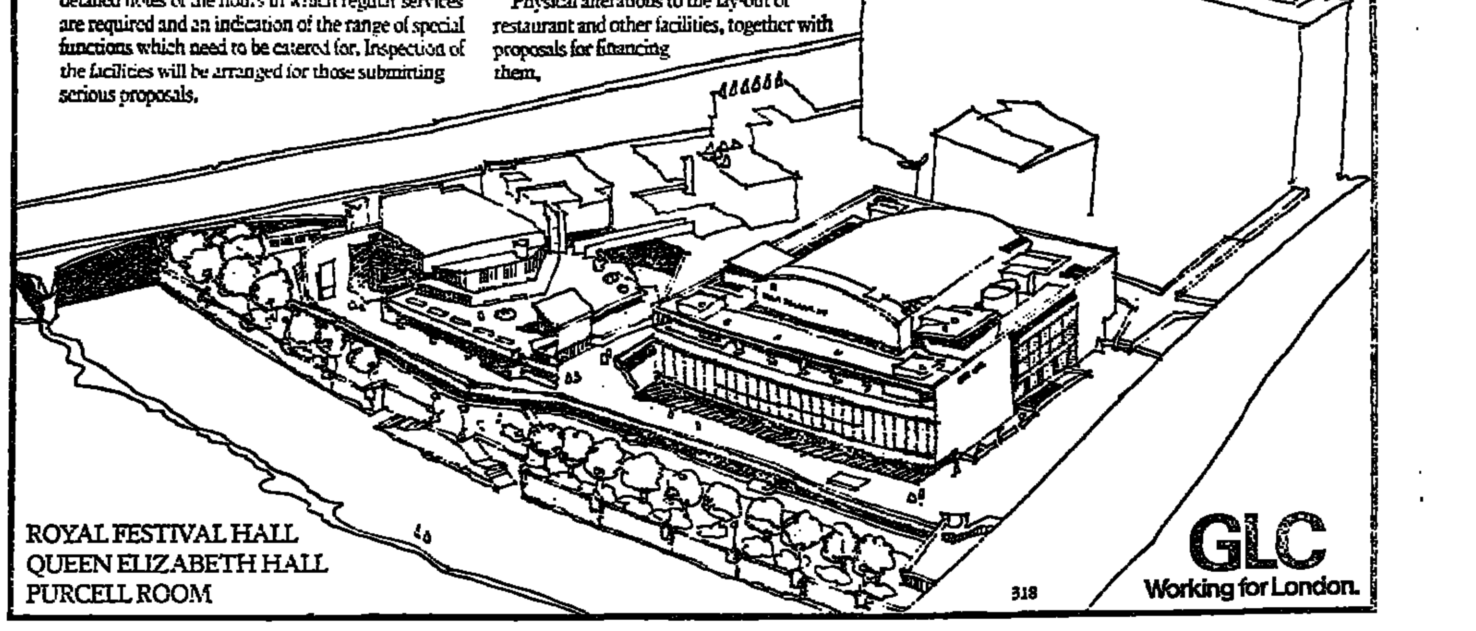
The Council is willing to consider different financial bases for this operation including rentals, management fees and commission on turnover, or a combination of these methods. The Council has it in mind to conclude a contract on the basis of a three year rolling term from July 1981, but is prepared to consider alternative submissions.

Physical alterations to the lay-out of restaurant and other facilities, together with proposals for financing them, would be considered by the Council.

The Council's aim is to provide the public with a wide variety of attractive catering options at reasonable prices, and to achieve the maximum income to the Council compatible with this provision.

Full details can be obtained from The General Manager, Royal Festival Hall, London, SE1.

Proposals must be returned not later than 16 February 1981.



ROYAL FESTIVAL HALL
QUEEN ELIZABETH HALL
PURCELL ROOM

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GLC Working for London.

MASS TRANSIT RAILWAY CORPORATION

ISLAND LINE HONG KONG

PREQUALIFICATION OF CONTRACTORS

The Hong Kong Government has approved the 12.5 km. extension of the Mass Transit Railway from Western Market to Chaiwan on Hong Kong Island. The Corporation will invite tenders for the construction of this extension on the basis of a number of separate contracts for the Civil, Electrical and Mechanical Works.

The Civil Engineering Works will include approximately 10.5 km. of underground line in bored tunnels, 2 km. of at grade or elevated line, 13 stations of which 2 will be overhead and 11 will be below ground, and a maintenance depot. The underground stations will be constructed with platforms in tunnels below main streets, and concourses integral with commercial air space development on sites adjacent to the platform tunnels. It is anticipated that commercial development will be associated with 10 of the stations and with the maintenance depot. The Electrical and Mechanical Works will include passenger cars together with associated equipment for signalling, communications, power supply, escalators, automatic fare collection, environmental control, station services and workshop facilities, etc.

The works will be divided into approximately 11 main contracts for tunnel/viaduct construction and a small number of associated preliminary contracts. These contracts will include some concourse construction whilst other concourses will be constructed as deep foundation/basements to the asociated commercial air space developments. The Electrical and Mechanical Work will be divided into some 9 contracts. Tenders, based upon designs prepared by the Corporation will be invited from selected lists of prequalified contractors and in selecting the tenderers, the Corporation will take particular cognisance of the relevant experience of contractors for each particular contract.

Tenders for Civil Engineering contracts will be invited principally during the period from mid-1981 until mid-1982. Subsequently some concourse and viaduct tenders will be invited in early 1983. Tenders for E and M contracts will be invited from mid-1981.

Contractors, who wish to prequalify, should register their interest with the Corporation now and apply for a brochure entitled "The Island Line—Preliminary Information for Prospective Tenderers." This brochure will be available in early February 1981 on payment of U.S.$100 per copy on application to:—

THE ENGINEERING DIRECTOR
MASS TRANSIT RAILWAY CORPORATION,
GPO BOX 9916
HONG KONG

This brochure will give full instructions to prospective tenderers on the details to be submitted with the application for prequalification.

ISLAMIC REPUBLIC OF PAKISTAN

HYDERABAD WATER SUPPLY AND SEWERAGE PROJECT

TENDERS FOR SUPPLY OF DUCTILE IRON AND ASBESTOS-CEMENT PIPES

The Government of Pakistan has received a Special Funds Loan from the Asian Development Bank in the amount of UC$22M to finance the improvement and expansion of the water supply and sewerage systems of Greater Hyderabad.

The Hyderabad Development Authority invites tenders for the supply of ductile iron and asbestos-cement pipes and associated fittings. Tenderers must be nationals of, and the articles must be produced in, member countries of the Asian Development Bank.

The Contract will comprise:

PART I. Approx. 20,000 metres of ductile iron pipes in diameters between 300 mm and 1,200 mm.

PART II. Approx. 10,000 metres of asbestos-cement pipes in 300 mm and 400 mm diameters.

Tenderers may submit bids for either Part I or Part II or both and may offer as an alternative to the specified pipes, pipes made from other materials of equal or better performance. Each part includes the associated fittings.

Tenders must be submitted on the prescribed forms which can be obtained from the office of the Authority's Consulting Engineer, D. Balfour & Sons, P.O. Box 1033, Latifabad, Hyderabad, Pakistan. Applications for the tender documents should be made by post or local representative, and must be accompanied by a non-refundable Bank Draft for Rs. 1,000/- (Pakistan rupees one thousand only), from any scheduled bank of Pakistan, payable to the Project Director, Hyderabad Development Authority.

The Competent Authority reserves the right to reject any or all of the tenders without assigning any reason.

The tender documents shall be available for issue from 10 January 1981 during working hours. Tenders must be submitted not later than 11.00 hours (Pakistan time) on 28 February 1981.

Director-General
HYDERABAD DEVELOPMENT AUTHORITY,
HYDERABAD.

REPUBLIQUE TOGOLAISE
REPUBLIQUE POPULAIRE DU BENIN

COMMUNAUTE ELECTRIQUE DU BENIN

Avis de présélection internationale
Construction du barrage et de l'usine hydroélectrique de Nangbéto sur le fleuve Mono

La Communauté Electrique du Bénin (CEB) lance pour le compte des Gouvernements de la République Togolaise et de la République Populaire du Bénin, un appel à la concurrence internationale en vue de la construction du barrage et de l'Usine hydroélectrique de Nangbéto sur le Fleuve Mono, au Togo. Les travaux seront financés par un consortium d'organismes de financement internationaux piloté par la Banque Mondiale.

L'ensemble des travaux sera réparti en trois lots qui feront l'objet d'appels d'offres séparés dans le courant de 1981, au plus tôt fin avril.

Lot 1: Travaux de génie civil du barrage, de l'usine hydroélectrique, du poste élévateur et de la route d'accès (barrage à contreforts de 260,000 m³ de béton, digues latérales de 1,130,000 m³ de remblai)

Lot 2: Fourniture et montage des équipements hydromécaniques et électriques du barrage et de l'usine, subdivisé en quatre sous-lots avec présélection individuelle à savoir:
- a) turbine (2 Kaplan 30 MW)
- b) alternateurs
- c) vantellerie et équipement de manutention (5 vannes de surface 10.0/9.0 m, 4 vannes de fond 3.3/3.0 m, 2 vannes papillon Ø 5.20, 1 postique extérieure 120 t)
- d) équipements électriques et annexes

Lot 3: Fourniture, montage et construction de la ligne 161 KV Nangbéto-Momé-Hagou du poste de Nangbéto et extension du poste de Momé-Hagou (longueur de la ligne 110 km).

Les Entreprises et Constructeurs intéressés à faire acte de candidature sont invités à retirer ou obtenir par envoi postal sur demande les dossiers de présélection pour chaque lot à l'une ou l'autre des adresses suivantes:

1) Communauté Electrique du Bénin
Direction Générale
BP 1368
Lomé-/Togo

2) Electrowatt Ingénieurs Conseils S.A.
Boîte postale
CH-8022 Zürich/Suisse

3) SOGREAH Ingénieurs Conseils
Boîte Postale 172, Centre de tri
F-38042 Grenoble-Cédex/France

Ces dossiers peuvent également être consultés sur place aux mêmes adresses.

Les candidatures dûment remplies devront parvenir au plus tard le 26 février 1981 à 17 h 30 GMT à la Communauté Electrique du Bénin.

PREQUALIFICATION TO TENDER FOR

THE CONSTRUCTION, COMPLETION AND MAINTENANCE OF 396 HOUSES AND INFRASTRUCTURE WORKS

LAGOS — NIGERIA

The site is located on Lagos mainland. The ultimate development will cover a site of 300 hectares and will provide a balanced community of 30,000 people living in 3,000 houses with shopping, education, welfare and leisure facilities. Nearly one-third of the estate will be allocated for an Industrial Park for light industry and warehousing.

The present invitation is for Phase 1 of the project comprising:
—396 houses
—approx. 6 kilometres of roads
—sewerage system with treatment plant
—water supply and distribution
—stormwater drainage
—electrification
—landscaping.

Completion of the total works of Phase 1 Contract is required in 24 months from the date of commencement. It is expected that the Tender Documents will be available for collection in late January 1981.

Contractors interested in submitting tenders are invited to collect the Prequalification Application from the offices of:

Dar Al-Handasah Consultants
(Shair and Partners) (UK) Ltd
91 New Cavendish Street
London W1M 7FS, England
Tel: (01) 637 8622. Telex: 27187 DARSAH G

and to return it not later than 15th January 1981 duly completed and signed, together with supporting data. Only contractors who have been qualified will receive an invitation to tender.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am, Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

DIAMONDS FOR INVESTMENT

Diamond Selection Ltd offer loose-cut and polished diamonds for investment. The following is a cross section of prices from their price guide as at 1st January, 1981:

Based on $ rate 2.34

DSL Grade	Price in £ per Carat
120/4/156	10355
120/10/148	8932
160/10/136	8419
200/25/126	7179
275/25/116	6538
350/60/106	5598
425/60/96	5128
500/150/86	3077
750/399/76	2179
1000/399/66	1880
1500/999/56	1325
2500/999/45	727

Diamonds in the range we recommend for investment have appreciated by approximately 500% since July, 1969.

DSL grade is made up as follows:—Colour/Clarity/Carat eg. 120 4 156

Make is always good/very good.

All stones are graded at Diamond Grading Laboratories using their unique measuring equipment. We also hold regular seminars and teach-ins.

Price guide and brochure with procedure for buying and selling graded and certified diamonds are available from:—

DIAMOND SELECTION LIMITED
Petersham House, 57a Hatton Garden, London EC1N 8JD. Tel: 01-405 8045.

PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS

The Buckinghamshire County Council issued on 2nd January, 1981 £6m Bills due 3rd April, 1981. Tenders totalled £66m. Half the issue was made at 13 3/64% and the remainder at 13⅛%. There are £6m other Bills outstanding.

COMPANY NOTICES

SAVE AND PROSPER FINANCIAL SECURITIES FUND

Coupon 119 falls due for payment on 15th January 1981 at a rate of 1.03p per Financial Securities Fund unit. Coupons should be presented to the Royal Bank of Scotland Ltd., Lombard Street office, P.O. Box 412, 62, Lombard Street, London EC3P 3DE, from whom listing forms can be obtained. Coupons must be lodged by an authorised depositary and left three days for examination.

CITY OF LIMA
(The Honourable Provincial Council of Lima)
5% FIRST MORTGAGE BONDS 1911

Lloyds Bank International Limited, 40-66 Queen Victoria Street, London EC4P 4EL, announce that coupons due 1st January 1981 of the City of Lima (The Honourable Provincial Council of Lima) 5% First Mortgage Bonds 1911, may be lodged for payment, but must be left an appropriate period for examination. Coupons will not be accepted through the post.

Jindo plans new container venture

BY ANN CHARTERS IN SEOUL

IN A BID to stimulate Korea's export push and the growth in the country's specialised shipbuilding industry, Jindo Industries will start production of aluminium freight containers by April this year. The company entered the steel container market just two years ago with a start-up production of 4,800 teu (20 ft equivalent units). That production figure was doubled in 1979. This year's sales will reach 20,000 teu or $40m.

Although world demand for higher priced aluminium containers is relatively flat at 50,000 teu a year, Jindo is counting on these lighter weight units to become increasingly profitable as petroleum prices continue to rise and shipping companies are forced to devote more tonnage to cargo rather than to container weight.

Jindo's opportunities in the steel and aluminium container market have resulted in large measure from the closing of several U.S. and European firms due to high labour costs

The world production of aluminium containers is now concentrated in the Far East with four Japanese companies and one Hong Kong company supplying 80 per cent of the world demand. Jindo's technology comes from the now-defunct York Trailer of the UK.

In this labour intensive business, where every seam must be welded, developing countries like Korea have a competitive edge. Not only are labour costs lower, but delivery time can be guaranteed since work stoppages are virtually unknown.

Jindo's steel containers, priced at two-thirds of the price elsewhere, enjoy a competitive advantage worldwide as well, because of the moderately-priced raw material supplied by the state-owned Pasco Steel. Jindo will not have such a wide competitive edge in the aluminium container market, however, since it must import the aluminium. Nevertheless, the company expects to reach 20 per cent of the global market for aluminium containers in 1981.

Good terms for Egat credit

BY PETER MONTAGNON

THAILAND'S ELECTRICITY Generating Authority, Egat, is to raise $110m through an eight-year syndicated credit led by Asia Pacific Capital Corporation and Fuji Bank.

The credit bears a margin of ⅝ per cent for the first four years rising to ¾ per cent for the remaining four. The terms are thus slightly more generous to the borrower than those on the $310m credit raised by the Kingdom of Thailand last August. That credit bore a margin of ¾ per cent throughout.

Egat will use the proceeds to finance expansion projects including one coal-fired and one oil-fired power station.

Also in Asia, Indonesia's current 10-year credit has been raised to $400m from $350m after heavy oversubscription. The credit bears a split ½-⅝ per cent margin.

Meanwhile First Chicago (Panama) is arranging a $20m Floating Rate Certificate of Deposit for Dai-Ichi Kangyo Bank. This is the first FRCD to be floated by a Japanese bank in the burgeoning Panama market which has already seen four other FRCD issues. It bears a margin of ¼ per cent over Libor for three years. The CDs will be marketed above all in Latin America.

Public shares for Swiss bank

By John Wicks in Zurich

KANTONALBANK VON BERN has announced its intention to issue participation certificates for public subscription next year. An issue of these non-voting bearer certificates will also be made available to the bank's own employees, said Mr. K. Meier, general manager.

Hitherto, cantonal banks have with one exception—that of Banque Hypothecaire du Canton de Geneve (BCG)—had only cantonal authorities as shareholders. In the case of the Geneva bank, certificates were made available to its staff welfare funds some five years ago.

Like BCG, the Bernese bank will pay a dividend on its publicly-held certificates equal to that distributed on the capital stock put up by the canton. This dividend is currently running at 7 per cent.

A number of other cantonal banks are considering going partly public, while not giving up their basic characteristics.

Canton Grisons has agreed in principle to an issue of participation certificates, while Canton Jura plans to offer up to 49 per cent of its stock to the public

Caesars World stake talks

By Our Financial Staff

CAESARS WORLD, the hotel and gaming group, has confirmed that Mr. Clifford and Mr. Stuart Perlman, who together own about 16 per cent of Caesars World stock, have been discussing a possible sale of their shares.

Discussions have been held with Tandem Productions and TAT Communications, owned by Messrs. Norman Lear, Alan Yorkin and Jerry Perenchio.

Coal study in Victoria

BY OUR FINANCIAL STAFF

CSR, the Australian mining and industrial group, will join the Mitsui group in a feasibility study on siting a coal liquefaction plant in Victoria, Australia, disclosed Mr. Alan Oliver, assistant general manager of CSR.

The companies will exchange contracts later this month to formalise their joint approach to the examination of the possibilities of setting up a A$1.5bn (U.S.$1.3bn) solvent refined coal (SRC) plant.

The study costs will be born equally by CSR and Mitsui unit, Mitsui SRC Development.

The study is expected to take about 18 months and the companies' percentage shares in the venture will be decided if and when the scheme goes ahead.

The proposed plant will be modelled on the 6,000 tonnes of coal a day Mitsui-Gulf Oil plant presently under construction in the U.S.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Alexanders Disc.	Jan. 21	Final 11.501	Hickson & Welch	Jan. 10	Final 5.0
Assoc. Dairies	Jan. 30	Int. 2.0	Inchcape	Jan. 24	Int. 7.15
Bank Leumi (UK)	Jan. 31	Final 5.768	*Linfood	Jan. 14	Int. 3.5
BAT Inds.	Jan. 30	Int. 6.5	*Magnet & Southerns	Jan. 14	Int. 3.0
*Berisford (S. & W.)	Jan. 15	Final 5	*Racal Electronics	Jan. 29	Int. 1.05
Brown (J.)	Jan. 25	Int. 1.75	*Rank Org.	Jan. 22	Final 6.0
Daily Mail & Gen. Trust	Jan. 11	Final 15.728	*Samuel (H.)	Jan. 8	Int. 0.726
*Grand Met.	Jan. 15	Final due	*Tate & Lyle	Jan. 22	Final 4.0
*Electronic Rentals	Jan. 8	Int. 1.1667	Thorn EMI	Jan. 11	Int. 4.05
English China Clays	Jan. 10	Final 2.882	*Union Discount	Jan. 21	Final 13.625
*Fitch Lovell	Jan. 29	Int. 1.491			
*Hambro Tst.	Jan. 27	Int. 1			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BASE LENDING RATES

A.B.N. Bank	14 %	Grindlays Bank	‡14 %
Allied Irish Bank	14 %	■ Guinness Mahon	¶14 %
American Express Bk.	14 %	■ Hambros Bank	14 %
Amro Bank	14 %	■ Hill, Samuel	§14 %
Henry Ansbacher	14 %	C. Hoare & Co.	†14 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
■ Arbuthnot Latham	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	16 %
Banco de Bilbao	14 %	Langris Trust Ltd.	14 %
BCCI	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Beneficial Trust Ltd.	15 %	Norwich General Trust	14 %
Bremar Holdings Ltd.	15 %	P. S. Refson & Co.	14 %
Brit. Bank of Mid. East	14 %	Rossminster	14 %
■ Brown Shipley	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Canada Perm't Trust	15 %	Slavenburg's Bank	14 %
Cayzer Ltd.	14 %	E. S. Schwab	14 %
Cedar Holdings	14 %	Standard Chartered	14 %
■ Charterhouse Japhet	14 %	Trade Dev. Bank	14 %
Choulartons	14 %	Trustee Savings Bank	14 %
C. E. Coates	14 %	Twentieth Century Bk.	14 %
Consolidated Credits	14 %	United Bank of Kuwait	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½ %
Corinthian Secs.	14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.

Public Works Loan Board rates

Effective from Jan. 3

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13⅞	13⅞	13½	14⅞	14⅞	14
Over 5, up to 10	13½	13⅞	14¼	14	14⅜	14⅞
Over 10, up to 15	14¼	14¼	14	14⅝	14⅞	14½
Over 15, up to 25	14	14	14	14½	14½	14½
Over 25	14	14	14	14½	14½	14½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

CURRENCIES, MONEY and GOLD

Pound and yen in demand

BY COLIN MILLHAM

Sterling and the Japanese yen finished 1980 as the world's strongest currencies, but for very different reasons. Demand for the pound has continued as British economic activity has declined, with a corresponding reduction in imports, but a build up of exports of North Sea oil. This has led to a large balance of payments surplus at a time when the rest of the industrialised world is struggling with heavy deficits.

Britain's oil surplus into the foreseeable future, plus the maintenance of high interest rates in a forlorn attempt to keep the money supply in check, has supported the pound throughout the year.

The yen was very susceptible to fears about the supply of oil from the Middle East in early 1979, because Japan is forced to import almost all its energy supplies. But the Japanese economy has proved remarkably resilient to the problems of the world recession, and the yen finished 1980 at its highest level for about two years against the dollar, at Y203.05.

Volatile U.S. interest rates have caused problems for several currencies, particularly the German D-mark, leading to an appreciation of Frankfurt interest rates, as U.S. touched record levels at the end of the year.

The German Bundesbank was forced to sell dollars to support the D-mark on a fairly regular basis, and other European central banks gave assistance to the German currency when it fell to the lowest permitted level within the European Monetary System.

Relatively high interest rates in Paris and Amsterdam, in comparison with Frankfurt, kept the French franc and Dutch guilder very firm for most of the year, while the Italian lira and Belgian franc had a weak tone, although the wider range of movement allowed for the lira kept any heavy pressure off the Italian currency.

Interest rates were the major factor behind currency movements in 1980, with only the lira and yen showing contrary movements. High rates in Milan failed to prevent the lira finishing the year as Europe's weakest major currency, while the yen gained ground because of the strength of the Japanese economy, despite low interest rates compared with New York and many other financial centres.

THE POUND SPOT AND FORWARD

Jan. 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3780-2.3860	2.3800-2.3830	1.05-1.25c dis	−5.79	2.10-2.40dis	−3.78
Canada	2.8400-2.8485	2.8435-2.8470	0.83-1.13c dis	−3.92	1.57-.87dis	−2.42
Nethlnd.	5.08-5.13	5.11-5.13	2⅝-1⅝c pm	4.98	6½-5⅝ pm	4.39
Belgium	75.20-76.05	75.85-76.05	25-15c pm	3.16	40-30 pm	1.84
Denmark	14.35½-14.50	14.41½-14.44½	4-1ore pm	2.08	par-3 dis	−0.41
Ireland	1.2575-1.2700	1.2675-1.2685	0.06pm-0.25dis	−0.90	0.24pm-0.07ds	0.27
W. Ger.	4.66½-4.74	4.69¾-4.70¾	2¾-1½pf pm	5.74	6⅝-5⅝ pm	4.78
Portugal	126.00-127.60	127.10-127.60	20c pm-60 dis	−1.88	25pm-135ds	−1.73
Spain	188.00-190.40	190.00-190.40	70-10c pm	2.52	50-120 dis	−1.79
Italy	2210-2232	2225¾-2230¾	3¾-6½lire dis	−2.69	22-25 dis	−4.22
Norway	12.35-12.39½	12.36½-12.39	5-2½ore pm	3.51	11½-8⅝ pm	3.25
France	10.80-10.91	10.85½-10.87¾	4-3c pm	3.36	7⅞-6½ pm	2.53
Sweden	10.44-10.49	10.46¾-10.48¾	3⅝-5½ore dis	−5.22	9½-11 dis	−3.84
Japan	480-485	481-483	3.00-2.50y pm	6.35	7.00-6.05 pm	5.41
Austria	33.05-33.50	33.20-33.45	1-5gro pm	2.88	30½-22½ pm	3.18
Switz.	4.21-4.29	4.26-4.28	3⅞-2⅞c pm	9.48	8⅞-7⅞ pm	7.84

Belgian rate is for convertible francs. Financial franc 76.15-76.25. Six-month forward dollar 2.50-2.60c dis. 12-month 2.60-3.00c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3780-2.3860	2.3800-2.3830	1.05-1.25c dis	−5.79	2.10-2.40dis	−3.78
Ireland†	1.8740-1.8900	1.8830-1.8880	0.70-1.00c dis	−5.41	1.80-2.10dis	−4.14
Canada	1.1920-1.1935	1.1930-1.1935	0.13-0.06c pm	1.05	0.25-0.20 pm	0.75
Nethlnd.	2.1400-2.1550	2.1500-2.1550	2.00-1.90c pm	10.87	4.40-4.30 pm	8.08
Belgium	31.72-31.92	31.89-31.91	26-23c pm	9.22	43-39 pm	5.14
Denmark	6.0330-6.0750	6.0700-6.0750	4-3½ore pm	7.41	5-4½ pm	3.13
W. Ger.	1.9620-1.9840	1.9745-1.9755	1.90-1.80pf pm	11.24	4.16-4.06 pm	8.32
Portugal	53.00-53.55	53.40-53.55	30-5c pm	3.93	55 pm-5 dis	1.87
Spain	79.60-79.93	79.83-79.93	60-20c pm	6.01	35 pm-5 dis	0.75
Italy	933.00-938.00	937.25-938.00	3¼-1½lire pm	3.52	½-1½ dis	−0.43
Norway	5.1850-5.2100	5.1900-5.1950	4.30-3.80ore pm	9.36	9.20-8.70 pm	6.89
France	4.5550-4.5825	4.5720-4.5780	3.80-3.50c pm	9.57	6.80-6.40 pm	5.77
Sweden	4.3900-4.4100	4.3980-4.4020	0.30-0.10ore pm	0.54	0.15-0.25dis	−0.23
Japan	202.00-203.25	202.45-202.55	2.30-2.10y pm	13.02	4.55-4.35 pm	8.79
Austria	13.97-14.07	14.04-14.07	10.40-9.30gro pm	8.62	24.50-23.00pm	6.76
Switz	1.7700-1.8000	1.7920-1.7930	2.35-2.20c pm	15.23	5.20-5.10 pm	11.60

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Jan. 2		Dec. 30	
Gold Bullion (fine ounce)				
Close	—	—	$588-591	(£246¼-247½)
Opening	—	—	$586-589	(£245¼-246½)
Morning fixing	—	—	$589.50	(£247.118)
Afternoon fixing	—	—	—	—
Gold Coins				
Krugerrand	—	—	$607-609	(£255-257)
1/2 Krugerrand	—	—	$309½-314½	(£130-132)
1/4 Krugerrand	—	—	$155¾-160¾	(£65½-67½)
1/10 Krugerrand	—	—	$63¼-66¼	(£26½-27¾)
Mapleleaf	—	—	$602-606	(£252½-255½)
New Sovereigns	—	—	$149¼-150¼	(£62½-63½)
King Sovereigns	—	—	$172-174	(£72¼-73¼)
Victoria Sovs.	—	—	$172-174	(£72¼-73¼)
French 20s	—	—	$153½-156	(£64½-65½)
50 pesos Mexico	—	—	$731-735	(£307-308¾)
100 Cor. Austria	—	—	$571-575	(£239¾-241½)
$20 Eagles	—	—	$692-697	(£290½-292¾)

OTHER CURRENCIES

Jan. 2	£	$		£ Note Rates
Argentina Peso	4735-4755	1989-2000	Austria	33.00-33.45
Australia Dollar	2.0155-2.0195	0.8470-0.8475	Belgium	75.50-76.10
Brazil Cruzeiro	154.60-155.60	65.17-65.50	Denmark	14.38-14.53
Finland Markka	9.15-9.18	3.8500-3.8520	France	10.80-10.90
Greek Drachma	109.168-112.343	46.00-46.50	Germany	4.68-4.72
Hong Kong Dollar	12.18½-12.20	5.1300-5.1320	Italy	2190-2280
Iran Rial	172.05*	72.15*	Japan	481-487
Kuwait Dinar KD	0.643-0.649	0.2713-0.2714	Netherlands	5.07-5.12
Luxembourg Frc.	75.85-76.05	31.89-31.91	Norway	12.35-12.50
Malaysia Dollar	5.2650-5.2800	2.2155-2.2195	Portugal	126-139
New Zealand Dlr.	2.4745-2.4795	1.0390-1.0400	Spain	184½-194
Saudi Arab. Riyal	7.89-7.95	3.3300-3.3320	Sweden	10.46-10.61
Singapore Dollar	4.9675-4.9800	2.0900-2.0950	Switzerland	4.21-4.26
Sth. African Rand	1.7775-1.7785	0.7465-0.7470	United States	2.37-2.39
U.A.E. Dirham	8.71-8.77	3.6700-3.6730	Yugoslavia	83-88

Rate given for Argentina is free rate. * Selling rate.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 18	offer 18 1/8	bid 16 15/16	offer 17 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅞-14⅛	20½-20¾	16-17	8⅝-8⅞	1-1¼	9-9⅛	10½-10¾	13-15	9-9½	1½-2½
7 days' notice	14½-14⅝	20½-20¾	16-17	8¾-9	2¼-2¾	9-9⅛	5½-7½	14-16	10-10½	4¾-5¼
Month	14⅝-14⅞	20⅛-20⅜	18⅛-18½	9⅛-9⅜	5-5⅛	9⅛-9⅜	10⅝-10⅞	16⅝-17⅞	11⅝-12⅛	7½-7¾
Three months	14½-14⅞	17⅞-18⅛	16⅞-17	9⅜-9⅝	5⅜-5¾	9⅛-9⅜	11¼-11½	18½-19½	12⅛-12⅝	8-8¼
Six months	14-14¼	16⅞-17⅛	15⅛-15⅜	9¾-9⅞	5⅞-6	9⅛-9¼	11⅝-12	18½-19½	13-13⅛	8½-8¾
One Year	13⅞-14⅛	15⅛-15⅜	15½-14	9⅞-10⅛	5⅝-5⅞	9⅛-9⅜	12½-12¾	19½-20¼	13-13⅛	8½-8¾

Asian $ (closing rates in Singapore): one-month 20⅞-20⅞ per cent; three months 17⅞-18 per cent; six-months 16⅞-17 per cent; one year 15⅞-15⅞ per cent. Long-term Eurodollar two years 14-14⅞ per cent; three years 13⅞-14⅞ per cent; four years 13⅞-14⅞ per cent; five years 13⅞-14 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.55-18.65 per cent; three-months 17.35-17.45 per cent; six-months 16.10-16.20 per cent; one year 14.60-14.80 per cent.

LONDON MONEY RATES

Jan. 2 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	9-14⅞	13¾-14	—	—	14-14¼	12-15	—	—	—
2 days notice	—	—	14⅛-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅝	14⅜-14⅝	—	14½	14½-14⅝	15¼-13⅝	—	—	—
One month	14⅛-14½	14⅛-14	14⅛-14⅜	15¼-16	15⅛	15¼-15⅝	15⅝	13⅞	14⅛-14½	15¼
Two months	14⅜-14⅝	14⅛-14⅛	—	15¼-15½	15¼	15¼	13½-13⅝	13-13⅛	14⅛-14⅜	15½
Three months	14⅛-14⅜	14⅛-14⅛	14⅛-14⅞	14¼-15¼	15½	15½-15⅝	13½	13	14⅛	15
Six months	14⅛-14⅛	14⅜-14⅝	14½	14¼-14⅜	14⅛	14⅞	—	—	13¼-13⅞	14
Nine months	14⅛-13⅞	14-14⅛	—	14¼-14⅛	14⅛	14⅛	—	—	—	—
One Year	13⅞-13⅞	13⅞-14⅛	14-14⅛	15¾-14	14⅜	14¾	—	—	—	—
Two years	—	—	14-14⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅞-14 per cent; four years 13¾-14 per cent; five years 13¾-14 per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞-14⅛ per cent; four-month trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-months 12⅞-13 per cent; three-months 12⅞ per cent. Approximate selling rate for one-month bank bills 14⅛-14½ per cent; two-months 14⅛-14⅛ per cent; three-months 14⅛-14⅛ per cent. one-month trade bills 16 per cent; two-months 14⅞ per cent and three-months 14¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.9871 per cent.

CURRENCY RATES

Jan. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	unavail.	0.545668
U.S. $	13	..	1.29951
Canadian $	17.26	..	1.55148
Austria Sch.	6¾	..	18.2191
Belgium F.	12	..	41.5828
Danish K.	11	..	7.88476
D'mark	7½	..	2.56978
Guilder	8	..	2.79004
French Fr.	9½	..	5.85045
Lira	16½	..	1217.64
Yen	7¼	..	263.475
Norwgn. Kr.	9	..	6.74769
Spanish Pts.	8	..	103.733
Swedish Kr.	10	..	5.71588
Swiss Fr.	3	..	2.32352
Greek Dr'ch.	—	..	n/a

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. p or Amount	Times Covered	Gross Yield	P.E. Ratio
88	F.P.	5/2	325	318	✱Amer. Comm. Inds.	318	......	—	—	—	—
$100	F.P.	5/2	£41½	£40	✱Do. Notes 20%	£40	......	Q20%	—	20.8	—
610	F.P.	—	610	600	✱Cramphorn	610	......	16.5	2.1	3.9	17.7
503	F.P.	31/1	432	370	✱Dunbar Group £1	428	+5	b6.2	4.4	2.1	15.6
§120	F.P.	5/2	222	152	✱Hadland J.	222	......	u2.52	3.8	1.6	20.4
107	F.P.	12/1	134	113	Independent Inv. 25p	125	......	—	—	—	—
70	F.P.	9/1	100	78	✱Midland Marts	100	+2	b3.75	2.0	5.4	15.4
100	F.P.	23/1	108	97	New Tokyo Inv Tst 50p	108	+1	—	—	—	—
50	F.P.	—	51	47	††Pennine	49	+2	—	—	—	—
‡25	F.P.	—	48	27	Phoenix Mining 25p	49	+1	—	—	—	—
§125	F.P.	12/12	233	155	✱Scan Data	225	......	u2.0	2.5	1.2	45.6
148	F.P.	12/12	172	132	✱Thames Inv.&Secs.	136	......	u5.18	1.2	5.4	(21.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	Nil	—	11pm	8pm	Allied London 8¼% Cnv. Uns. Ln. 1999	8pm	−1
‖	F.P.	29/12	102½	96	Bell (Arthur) 9¼% Cnv. Uns. Ln. 99-2001	96½	......
¶	F.P.	26/2	107¾	106½	Chester Waterworks 9% Red. Pref. 1985	106½	......
100p	F.P.	28/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	104	......
¶	F.P.	26/2	107¾	106½	East Anglian Water 9% Red. Pref. 1985	107	......
¶	F.P.	—	107½	106¾	East Worcester 9% Red. Pref. 1985	107	......
‖	F.P.	5/1	103	100	✱Energy Finance 8% Cnv. Uns. Ln. '95-2000	100	......
¶	F.P.	26/2	105	104½	Essex Waterworks 8¾% Red. Prf. 1985	104½	......
£100	£50	30/4	46	44	Lon. Merchant Secs. 7¼% Cv Uns Ln 2000-05	44½	−½
99	F.P.	23/3	100	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. 1986-88	100	......
‖	Nil	—	10pm	7pm	Paterson (R.) 11¼% Cum. Cnv. Prf.	10pm	......
✝	F.P.	—	32	20½	S. Rhodesia 4½% '87-92 Asstd.	30	......
**	F.P.	21/1	100p	97	Standard Industrial 11½% Pref	97	......
✝	F.P.	—	336	268	Zimbabwe settlement annuity Reg.	336	......

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
30	Nil	5/1	23/1	4½pm	2pm	Bremar Trust	4pm	......
115	Nil	12/1	26/2	26½pm	22pm	Brotherhood P.	26pm	......
75	F.P.	22/12	21/1	93	79	E. Midland Allied Press A	83	......
A$1.6	F.P.	24/11	15/12	80	56	ElderSmith GoldbroughM'rt	80	......
5	F.P.	8/12	21/1	7	5	Grovebell	5	......
210	F.P.	16/12	14/1	280	225	Hampton Gold Mining	280	......
140	F.P.	19/12	30/1	178	154	KCA Intnl.	175	......
25	F.P.	10/12	9/1	42	31	Kean & Scott	36	......
25	F.P.	19/12	4/2	26½	26	L. K. Industrial	25	......
$A1.05	F.P.	—	—	75	32	North Kalgurli Mines	55	......
25	Nil	—	—	½pm	½pm	Prestwich Parker	½pm	......
87	F.P.	15/12	16/1	121	106	Pritchard Services	121	+1
78	F.P.	15/12	22/1	95	91	Scapa	94	......
60	Nil	9/1	13/2	13pm	7pm	Security Centres	13pm	+2
241¼	Nil	16/1	23/1	125pm	83pm	TNT	94pm	......
145	Nil	—	—	46pm	29pm	Warren Plants	46pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ✝ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

CURRENCY MOVEMENTS

Jan. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.6	−25.8
U.S. dollar	86.5	−7.4
Canadian dollar	79.2	−18.9
Austrian schilling	147.2	+22.1
Belgian franc	111.1	+10.8
Danish kroner	102.1	−7.4
Deutsche mark	146.3	+39.9
Swiss franc	187.8	+77.7
Guilder	122.9	+17.8
French franc	96.6	−8.1
Lira	50.3	−52.6
Yen	145.2	+42.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

SPAIN

January 2

1980-81 High	Low		
254	203	Banco Bilbao	253
284	217	Banco Central	284
229	206	Banco Exterior	229
241	200	Banco Hispano	239
137	120	Banco Ind. Cat.	120
175	141	Banco Madrid	141
290	237	Banco Santander	290
190	140	Banco Urquijo	151
266	208	Banco Vizcaya	266
220	200	Banco Zaragoza	204
108	75	Dragados	82
62	47	Espanola Zinc	47
59.7	53.2	Fecsa	57.5
40	22	Gal. Preciados	24
71	65.7	Hidrola	71
63	57.5	Iberduero	59.5
120	77	Petroleos	82
80	59	Petroliber	75
115	102	Sogefisa	102
63	51.5	Telefonica	62
67	58.2	Union Elect.	61

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Abbey Capital	44.3	47.9	+0.2	5.11
Abbey General	55.0	59.5	+0.4	5.16
Abbey Gilt & F.I. Tst.	105.3	110.8xd	+0.2	11.82
Abbey Income	32.2	34.8xd	+0.1	10.09
Abbey W'Wide Bd Tst.	91.5	96.8	----	6.92
Abbey Inv. Tst. Fd.	48.3	52.2	----	4.87
Equitas Prog. Tst.	78.6	85.0	+0.4	5.07

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AHR Gilt Trust	88.6	93.2	----	12.87

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Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459
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Brit. Inds. Fund	74.0	79.2	+0.2	6.74
Growth & Income	48.3	51.7xd	+0.2	5.38
Elect. & Ind. Dev.	42.7	45.7	+0.2	5.47
Allied Capital	92.8	99.3	+0.5	4.43
Hambro Fund	126.7	135.6xd	+0.7	6.38
Hambro Acc. Fund	176.4	188.7	+0.9	4.82

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Continued on previous page

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15Aug	15F	Treasury 3½pc 1979-81	98 3/32	9 7	3.54	13.32
1D	1Ap	Treasury 9¾pc 1981‡‡	99	26.8	9.84	13.83
12D.	12Jun	Exch. 8¼pc 1981	97 1/32	5 11	8.44	13.87
4F	4Aug	Exch. 9½pc 1981	97 13/32xd	29.12	9.71	13.76
21F	21Aug	Exch. 3pc 1981	93⅞	15 7	3.19	13.47
17May	17N	Treas. Variable '81‡‡	99 1/16	13 10	13.61	14.31
23May	23N	Exch. 12¼pc 1981‡‡	99⅝	17 10	12.77	12.83
15Jul	15Ja	Treas. 8½pc '80-82‡‡	95 7/32xd	9 12	8.86	13.08
15Aug	15F	Treasury 3pc '82‡‡	92	9 7	3.26	10.79

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1A	1O	Aust. 5½pc '81-82	92¼	29 8	6.05	13.63
1J	1D	Do. 6pc 1981-83	83½	21 10	7.22	13.19
1Ja	1J	N.Z. 7¼pc 1988-92	63⅜	1.12	11.36	13.55
15J	15D	Do. 7½pc '83-86	78¼	17.11	9.62	13.30
1M	1N	Sth. Africa 9½pc '79-81	96½	26 9	10.01	16.05
1A	1O	S. Rhod. 2½pc Non-Ass	115	3.66	—	—
—		Do. 3½pc 80-85 Asstd.	48	—	7.56	22.82
—		Do. 4½pc 87-92 Asstd.	30	—	15.00	22.20

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	61¼	1.12	8.16	12.53
30J	31D	Alcan 10½pc '89-94	76½	10 11	13.72	14.60
1M	1S	Met. Wtr. 3pc 'B'	29	18	10.71	12.89
30J	31D	U.S.M.C. 9pc 1982	98½	24 11	9.13	—
30J	31D	Do. without Warnts.	92½	24.11	9.72	12.05

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

Dividends Paid		Stock	Price	Last xd	Div. Gross	C'vr	Yld Gr's
F.MyAuN.		Hollinger $5	16½	26 7	$2.20	—	4 7
Apr.	Oct.	Hudson's Bay ‖	835p	11 7	$1 20	—	5.0
Jan.	July	Hud.B Oil G $2½	855p	25.9	57.5c	—	2 4
Mr.Je S D.		Imperial Oil ‖	11½	28 2	$1 40	—	4.3
Jan Ap.J.O.		Inco ‖	850p	31 7	SUS73c	—	3 5
F.My.Au.N.		Inl. Nat. Gas $1	490p	30 10	$1 00	—	7 2
Mr.Je.S.D.		Massey Ferg.‖	155p	11 77	—	—	—
—		Place Gas $1	117p	—	—	—	—
June	Dec	Rio Algom	12½	26.10	$1 50	—	4 5
M Je S.D.		Royal Bk Can $2.	21⅛	27 10	$2.72	—	4 5
SeDeMrJu		Seagram Co. C$1	24¾	21 5	US$1.40	—	2 4
F.MyAuN.		Tor. Dom. Bk. $1.	11⅞xd	25 12	$1 52	—	4 5
J.Ap.Jy.O.		Trans Can. Pipe	790p	26 6	$1.16	—	5.2

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	ANZ $A1	260	16 6	†Q24c	3.6	5.6	6.0
Feb.	Aug.	Alexanders D. £1.	246	28.8	16.0	—	9.3	—
Feb.	Aug.	Algemene Fl.100	£56½	19 8	†Q25%	1.9	8.9	6.0
Oct.	Apr.	Allen Harvey £1	372	15 9	21.5	—	8.3	—
Dec.	June	Allied Irish	114	24 11	†Q35.7%	—	6.4	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	May	Akzo Fl.20	335	14.5	†Q12%	4.1	‡	1.6
Apr.	Sept.	All'd Colloid 10p	106	1.9	2.54	2.1	3.4	(16.2)
July	Nov.	Anchor Chem.	66	13.10	5 3	2.1	11.5	(4.9)
Mar.	Sept.	Arrow Chemicals	32	16.6	1.4	1.8	6.3	13.3

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Oct.	Apr.	Utd. Scientific	320xd	24.12	5.0	ф	2.2	ф
Feb.	Oct.	Ward & Gold	78xd	24.12	5.4	2.5	9.9	(4.6)
April	Oct.	Wh'lesale Ftg 10p.	242	15.9	h3.75	4.1	2.2	13.6
Nov.	April	Wigfall (H.)	137	28.7	13.5	0.9	14.1	(15.0)

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[illegible]

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MINES—Continued

Australian

Dividends Paid		Stock	Price	Last d	Div Net	Cvr	Yld Gr's
—		Acmex 50c	33	—	Q2.5c	—	3.8
—		ACM 20c	22	—	—	—	—
—		Bond Corp.	150	—	Q7.5c	1.9	2.5
Nov.	Apr.	Bougainville Kina	203	7.3	[illegible]	1.0	13.4

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 16

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FINANCIAL TIMES
Monday January 5 1981

Industrial revolutions
Ball Bearings
Roller Bearings
Needle Bearings
FAG
Keeps things rolling

Decline in output possibly slowing

By Peter Riddell, Economics Correspondent

A FAINT glimmer of hope for industry that the trough of the recession may be approaching is suggested by the latest Financial Times business opinion survey, published today.

The proportion of companies reporting a declining trend of new orders, order books, and deliveries over the past four months has become slightly smaller. This follows a substantial deterioration during 1980.

It would be wrong to read too much into the answers since a substantial majority of companies still report a fall in demand and deliveries. But the survey suggests that the rate of decline of output may be slowing. There also appears to have been no further erosion in the earlier low level of general business confidence.

The Confederation of British Industry's monthly trends inquiry last month reported a slight decline in the number of companies reporting below-normal order books and expecting further falls in output.

At present these are only straws in the wind and there is no evidence that a turning point *has been reached. The Central* Statistical Office's cyclical indicators, which look ahead to such turning points, suggested last month that, if past relationships held, the trough of the recession might be reached this spring.

Economists are split on the question of timing, depending largely on the expected size of the further cut in stock levels. The latest batch of economic forecasts — from Cambridge Econometrics and Phillips and Drew among others—suggests that any recovery will, however, be very weak.

The Financial Times survey was conducted mainly in the first half of December and *covered non-electrical engineer*ing, brewers and distillers and the paper and connected industries sector. The survey has a reasonably good record of spotting turning points in the level of economic activity.

Apart from a slightly less gloomy outlook for demand, the latest survey offers little comfort. A growing proportion of companies are, for example, expecting to cut their capital expenditure over the next 12 months.

A large majority of companies are still expecting to reduce their labour forces this year, in spite of a slight fall in the proportion in the last two months.

Faltering *recovery forecast*, Page 3
FT survey details, Page 6

Revenue plans tighter line on fringe benefits

BY JASON CRISP

THE INLAND Revenue has drawn up plans to tighten up taxation on fringe benefits, including company cars. However, the proposals, which have been sent to Treasury ministers, are unlikely to be introduced in the near future.

One of the proposals suggests that the burden of collecting tax on fringe benefits should fall on the employer. At present benefits are assessed in the employees' annual return and included in the PAYE coding.

The Inland Revenue thinks it would be easier for *employers to tax benefits as if they* were part of income. In addition to reducing its own administration, it also means that changes in car or job result in an immediate change in tax, unlike at present when it is only noted in the annual assessment.

The Inland Revenue also wants to abolish the present rule which means that only those earning over £8,500 are taxed on fringe benefits.

Sir Geoffrey Howe announced in the last Budget that there would be a review of the taxation of perks but, after strong protests from industry, promised nothing would be introduced before 1982-83.

Britain has one of the highest *levels of fringe benefits among* Western countries, mainly because of previous high levels of direct taxation and a large number of periods of pay restraint.

The Government is keen to move away from the high level of perks. But any increase in taxation of fringe benefits is most likely to be introduced when there is a compensating fall in income tax.

Industry, which has been consulted by the Inland Revenue, remains worried that it will make it harder to provide incentives for employees. The motor industry is also concerned there might be a fall in the number of company cars *because fleet buyers tend to buy* British while individuals often choose imported vehicles.

Editorial comment, Page 10

Budget help to small concerns urged by accountants

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE ACCOUNTANCY bodies have called on the Government to introduce a major new tax incentive to encourage private investors to help finance small businesses. They have also *reiterated a call that a publicly* underwritten loan guarantee scheme for small businesses should be set up on an experimental basis.

The accountants' tax scheme would allow private individuals 100 per cent tax relief, by direct deduction from taxable income, for funds invested in unlisted companies in any one year. They envisage "a reasonable limitation" on such relief, preferably a certain proportion of taxable income.

Furthermore, any subsequent gain arising from the sale of the investment would be liable only to capital gains tax at 30 per cent.

The accountants' proposals are set out in a letter from Mr. Richard Wilkes, chairman of the Consultative Committee of *Accountancy Bodies and presi*dent of the English Institute of Chartered Accountants, to Mr. David Mitchell, Parliamentary Under-Secretary at the Industry Department.

The letter was sent following a series of recent meetings between members of the profession and Industry Department officials. These have led senior *accountants to understand that* the Government is considering a number of substantial new incentives for small businesses. They expect them to be announced in the spring Budget.

Mr. Wilkes calls for a more positive approach on the part of the Government to the encouragement of private investment by fiscal means.

"The approach which we are putting forward is different in its emphasis from that of recent *legislation, in that it is directed* at encouraging investment in small businesses by third parties rather than by providing reliefs and incentives for the businessman himself.

"It also aims to influence the economic climate by encouraging private investors to back potential profit-makers, instead of providing relief for loss-*makers . . .*"

The accountancy bodies see the scheme as falling within the broad framework of an expenditure tax system, as advocated in the Meade Report in the late seventies.

Editorial Comment, Page 10

Manual workers' pay settlement will cost councils £35m extra

BY ROBIN PAULEY

COUNCILS IN England and and Wales will pay £35m more to local authority manual workers in 1981-82 than if they had settled within the 6 per cent Government pay limit. The actual settlement was for a 7.5 per cent rise.

It could be much more. If the traditional pattern of wage settlements influencing bonus payments is repeated, the effective rise could be at least 10 per cent.

Another problem for pay and price calculations has emerged with the discovery that the Government's assumption of an 11 per cent rise in prices in the 1981-82 financial year is not what it seems.

It appears slightly generous. But, in fact, the Government is *comparing a mid-point view of* prices in 1980-81 with an expected mid-point view in 1981-82 to arrive at this figure. Overall this represents an assumption of a 9.2 increase for 1981-82 (and "loses" £50m from the equations), which is a less-than-generous estimate.

The Govermen assumptions of a 6 per cent pay increase limit in the public sector and an 11 per cent rise in prices give a cash limit figure of 6.3 per cent.

If those assumptions held, pay *and price rises would cost* English and Welsh councils £20.16bn (1981-82 outturn prices).

But if pay were to rise by, say, 8 per cent, council bills would go up by £120m. Pay rises averaging 10 per cent and price rises averaging 12 per cent would add £600m to bills.

This would have to be met *by ratepayers, each £100m* excess adding about 1.5 per cent to rate bills.

The firemen have already settled above the limits. As only a few men are involved, the increase will not make employers' problems too severe, although some, particularly the Greater London Council, will be hit much harder than others.

The local authority manual workers—one of the largest group of council employees, at about 1.1m—posed a much *greater threat to the Govern*ment's pay policy. Although a 7.5 per cent settlement is technically a 25 per cent breach of the limit, it has attracted little adverse comment from the Government, probably because of its relief that the settlement was not a lot higher.

But other groups may now regard the manual workers' 7.5 *per cent as a benchmark*, and teachers, in particular, could pose problems

Continued from Page 1

Thatcher

Asked whether she foresaw unemployment rising to 3m in 1982 as *forecast she replied*: "I don't know. I most earnestly hope not." But the problem could not be solved by changing government policies, since it was not government policies but years of overmanning and restrictive practices which had caused *the present high unemployment levels.*

Economic prospects for the next year, she insisted, were bright. Inflation was falling comparatively fast and would continue to do so, bringing interest rates down in its wake. Exports were holding up far better than expected. The rate of new firms coming on to the VAT register was higher than *ever before and at times* exceeded the rate of firms closing down.

"There's a good deal of money about," she said. "What we've got to do is to see that it is spent on British industry. I do see hope, in new firms, in exports and services."

UK may give Poland £100m in aid

BY MARGARET VAN HATTEM,

BRITAIN has agreed to join other Western industrialised countries in a major financial aid package for Poland, and is considering a contribution worth about £100m over the next six months.

The Prime Minister and several senior Cabinet Ministers are understood to have decided before Christmas that Britain should participate in efforts by Poland's major trading partners to help avert a financial crisis arising from Polish debts estimated to be around £10bn.

The size of Britain's contribution has not yet been fixed and is at present the subject *of Treasury discussions.* A decision is expected within the next fortnight and is not expected to be referred to by the Cabinet.

Measures being considered include rescheduling of existing debts to ease the crippling strain of debt servicing charges and new export credits.

Whitehall officials yesterday pointed out that although the Export Credit Guarantee Department had recommended last week on "purely commercial grounds" that Poland be downgraded from a Class A to a Class D export risk, the recommendation had not yet led to *a decision.* It might well be overruled on non-commercial considerations, they said.

The Government appears anxious to play down the issue and is stressing that so far, its only definite commitment to helping Poland is through the EEC's food programme, involving highly subsidised sales of surplus farm products.

However, the uncertainty hanging over Britain's contribution to the new aid package appears to stem less from financial considerations than from a desire not to embarrass the Polish Government with an over-eager or ill-timed response from the West.

Accord near on nuclear corporation's role

BY MARTIN DICKSON, ENERGY CORRESPONDENT

AGREEMENT is expected in the next few weeks on the role of the revamped National Nuclear Corporation in the con*struction of Britain's two latest* power stations clearing the way for the placement of equipment orders worth more than £600m.

Legal difficulties over the role of the NNC have been delaying the award of contracts for nuclear components at the Advanced Gas-cooled Reactor (AGR) stations to be built at Heysham in Lancashire and Torness in Scotland.

The NNC was supposed to be the main contractor for the stations' nuclear components but its small capitalisation — just £10m—has placed legal difficulties in the way. It is felt that it would find it difficult to claim damages if a sub-contractor failed to perform adequately.

Nor would compensation be paid to the NNC's clients—the Central Electricity Generating Board and the South of Scotland *Electricity Board.*

The issue is expected to be resolved during the next four to six weeks by making the NNC the agent of the generating boards in any contracts. This is similar to the role taken in the U.S. by large engineering companies building petro-chemical works.

An alternative solution would be to increase greatly the NNC's capitalisation but this is most unlikely to appeal to the corporation's owners in private industry, who have a 65 per cent stake — the Government holding only the remaining 35 per cent of the equity.

Contracts yet to be awarded for Heysham and Torness include those for the boilers—worth amout £300m in all. Some 80 per cent of the boiler work is likely to go to Northern Engineering Industries and 20 *per cent to Babcock Power.* The Howden Group is expected to make the gas circulators and Whessoe will be awarded the hot-box and liner contracts.

Last week, the generating boards awarded a first batch of contracts worth nearly £500m for the turbo generators and civil engineering and construction.

On the initiative of the Government, the NNC has been reorganised during the past year under a new chairman, Mr. Denis Rooney. The aim has been to lay firm foundations for a substantial expansion of nuclear generating capacity over the next 20 years.

The sudden legal difficulties seem unlikely to make much practical difference to the NNC's role in the construction of the AGRs since the two generating boards hold overall authority for these plants.

However, the issue could significantly affect the NNC's role in the planned construction of Britain's first pressurised water reactor (PWR) station, which is expected to be the subject of a public inquiry next year.

The Government wants the NNC to have total project management for the PWR. Acting as an agent for the CEGB it could still maintain this role, but its relationship to the generating board would be somewhat weaker. Instead of placing contracts itself, it would have to have much more detailed consultations with the board than was originally envisaged.

Thorn hopes for quieter start to EEC term

By John Wyles in Brussels

THE NEW 14-member European Commission under the presidency of M. Gaston Thorn takes *office in Brussels tomorrow* with an opening meeting on the sensitive question of who will have which portfolio.

The Commission under M. Thorn, the former Prime Minister of Luxembourg, has responsibility for developing the policies and programmes of the European Community.

This first session of a new Commission has come to be known as "the night of the long knives" because the argument over jobs is sometimes interminable and the political fisticuffs are bareknuckled.

However, M. Thorn is hopeful of a shorter and more tranquil meeting than usual because eight members of the retiring Commission, led by Mr. Roy Jenkins, are expected to return to perform more or less the same jobs.

This leaves relatively thin pickings for the five new members hoping for useful employment, Mr. Ivor Richard of the UK, Mr. Michael O'Kennedy of Ireland, Mr. Frans Andriessen of Holland, Mr. Karl-Heinz Narjes of West Germany, and Mr. George Kontogeorgis of Greece, the newly acceded tenth member of the Community.

M. Thorn has already sounded out the new members and their governments on the jobs they are interested in, and he will have a further session with each individual tomorrow morning.

The final outcome will depend partly on personal determination and tactical sense. But another major factor could be the ambitions of Viscount Etienne Davignon who is believed to want to retain some of former responsibilities for industry in the Jenkins Commission while absorbing the energy portfolio.

Herr Narjes, however, is expected to make a play for energy held for the past four years by West Germany's Guido Brunner, while Mr. Ivor Richard may push for industry or social affairs. Mr. O'Kennedy will also be seeking social affairs while Mr. Kontogeoris and Mr. Andreissen want, and will prob*ably* secure, transport and competition policy respectively.

Each of the new Commissioners will be anxious to avoid being landed with a "catch all" portfolio comprising jobs which nobody else wants such as personnel and, perhaps, relations with the European Parliament. Expansion of the Commission from 13 to 14 members because of Greek accession could well force the creation of such a portfolio.

More generally, the continued presence of such as Herr Wilhelm Haferkamp (now in his 14th year in Brussels), M. Francois-Xavier Ortoli and Mr. Finn Olav Gundelach does not suggest that the Thorn Commission will bring a radical new approach to its problems.

Weather

U.K. TODAY

WINTRY showers will continue in east. Rest of UK cloudy with some outbreaks of sleet or snow in S.W. England, South Wales and N. Ireland.

S.E. Midlands, N. England, N. Wales, I. of Man, S. Scotland
Mostly dry, cloudy at times. Rather cold. Max 5C (41F).

E. and N.E. England, Central and N.E. Scotland, Orkney, Shetland
Wintry showers. Bright intervals. Rther cold. Max. 3C (37F).

S.W. England, Channel Is., S. Wales, N. Ireland
Cloudy. Some sleet with snow on hills. Max. 5C (41F).

N.W. Scotland
Wintry showers. Snow or sleet later. Rather cold. Max. 4C (39F).

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	5	41	Jersey	S	7	45
Athens	S	15	59	Jo'burg	F	28	82
Barclna.	S	11	52	L. Plms.	S	18	64
Beirut	R	12	54	Lisbon	S	13	55
Belfast	C	3	37	London	C	7	45
Belgrd	R	6	43	L. Ang.†	C	14	57
Berlin	C	5	41	Luxmbg	C	4	39
Biarritz	R	10	50	Madrid	S	4	39
Bmghm.	F	3	37	Majorca	S	13	55
Blackpl.	S	5	41	Malaga	S	18	64
Bordx.	F	12	54	Malta	C	13	55
Bristol	S	6	43	M'chstr	S	4	39
Brussels	S	5	41	Melbne.	S	21	70
Cairo	F	16	61	Miami†	F	10	50
Cardiff	C	7	45	Montrl.†	F	−35	−31
Cape T.	F	23	73	Moscow	Sn	−3	27
Chicg.†	C	−23	−9	Munich	C	1	34
Cologne	C	6	43	Naples	C	10	50
Cpnhgn.	Sn	1	34	Nwcstl.	S	2	36
Denver†	C	−2	28	N York†	C	10	50
Dublin	S	4	39	Nice	S	13	55
Ednbgh	S	3	37	Oslo	Sn	−6	21
Florence	C	9	48	Paris	C	7	45
Frankft	C	10	50	Perth	C	30	86
Geneva	R	7	45	Rome	F	16	61
Gibrltr	S	16	61	Stckhm.	C	−6	21
Glasgow	S	3	37	Sydney	S	24	75
G'nsey	S	7	45	Tokyo	S	8	46
H Kong	S	17	63	T'r'nto†	F	−31	−24
Innsbrk.	Sl	1	34	Venice	C	0	32
Invrnss.	C	3	37	Vienna	C	8	46

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. †Noon GMT temperatures.

THE LEX COLUMN

Accountants seek CCA tax role

Although the final version of the accountancy bodies' submission on stock relief delivered to the Inland Revenue last week has in places been slightly toned down compared to the earlier draft — the proposed form of credit restrictions is now described as "unbalanced" rather than as "an unprincipled nonsense" — the dismay of the accountants that current cost accounting has been so flatly rejected still comes through very clearly.

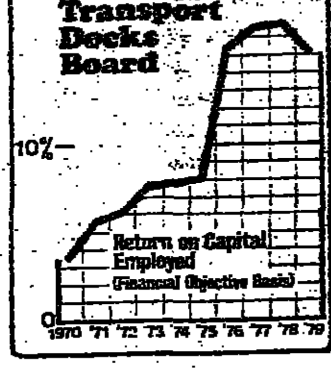
The accountants argue that the Revenue is once again taking a piecemeal approach to corporation tax. It has not considered the fundamental question as to whether businesses should be taxed on the basis of operating capability (the CCA approach) or on the traditional basis of the growth of the shareholders' interest. Moreover the Revenue is accused of having confused CCA-type specific price level accounting with general price level accounting, by imposing a single general stocks index.

Whereas the Revenue has rejected CCA both because it is too subjective and because only large companies will be adopting it, the accountants argue that current cost accounts will be capable of audit and that anyway the Revenue proposes to treat large companies differently by imposing the credit restriction only upon companies holding stocks of £1m or more. It is argued that this figure is roughly in accord with the £5m turnover threshold which determines whether companies must follow SSAP 16. Accordingly, the accountants propose that companies which produce audited current cost accounts should be permitted to elect to compute their stock relief using *the cost of sales adjustment* in their accounts.

If, nevertheless, the Revenue goes ahead and imposes a credit restriction the accountants say that at least it should be drawn up on a different basis. It should be based upon the net balance of monetary liabilities, which would take some account of the fact that businesses grant trade credit as well as receiving it.

Floating docks

Now would not seem the best time to start work on the flotation of Britain's biggest port authority—the British Transport Docks Board (BTDB)—when other port authorities such as London and Liverpool are teetering on the edge of bankruptcy.



Nevertheless the Government seems confident, and provided *the Transport Bill* is enacted a flotation of 49 per cent of the BTDB—soon to be renamed British Ports—will be possible anytime after the summer.

There is no doubting the Government's resolve to introduce private capital into the BTDB which operates 19 ports accounting for over a fifth of all UK port traffic. However, there must *now be considerable doubt* as to whether anyone wants to invest in what would be an unusual stock market animal.

In terms of profitability the BTDB's record to date has been reasonable but not spectacular. After losing money in the early 1970s it has made a profit since 1973. However, during 1980 profits seem to have fallen sharply and the prospects for 1981 are little better.

Within the total profit figure there is a wide divergence in performance. BTDB ports which employ little labour and are relatively small tend to be much more profitable than the bigger units.

Southampton and Hull, for example, employ over half the total workforce and account for nearly half of all revenues, yet they lost £2.3m in 1979 (admittedly after additional depreciation). By contrast, a small port such as Port Talbot which is manned by only a handful of dockers made profits on the same basis of £2.3m on revenues of £5.5m in 1979.

Although its profitability has improved over the period the BTDB is handling less trade now than it was in 1970 and for both Hull and Southampton the drop in tonnage has been significant. One of its major problems is that it has to operate in a market where there is chronic overcapacity, and many of the competitors are subsidised.

At last count Britain's ports had a capacity of 1bn tonnes-plus of traffic a year but were only handling 384m *tonnes*. London and Liverpool are receiving Government assistance and Bristol, which made a pre-tax loss of £7.7m on revenues of less than £20m in 1979, is being subsidised by local ratepayers.

The BTDB is financially strong but given the unhappy market conditions it faces it is going to need a major public *relations campaign* to attract investment interest. The Government has not helped its cause by continuing to prop up the major competitors.

Banking league

Only two-fifths of the world's 100 largest commercial banks are making a real return on capital. And allowing for the fact that most of them *distribute* part of their notional profits in the form of dividends or bonuses, there is a serious threat to their capital adequacy in terms of their ability to carry on recycling international funds in an inflationary climate.

This is the gloomy conclusion of an inflation-adjusted statistical study produced by IBCA Banking Analysis, an independent unit which specialises in the credit analysis of banks outside the U.S.

The British Big Four are all in the top 20, and Dutch, Swiss and Belgian banks show up comparatively well. But Japanese and Italian banks all appear to be producing poor returns, while despite low inflation the German inflation-adjusted returns are also uninspiring. As for the U.S. banks, there is a very broad spread between the best and the worst though the very biggest — Bank of America and Citibank — just managed to achieve positive real returns. In most cases, the rankings relate to calendar 1979 results.

Of course, putting the results of international banks on to a comparable basis is a highly approximate exercise. The IBCA statisticians have had to take measures like adjusting published figures to normalise them on the basis of a 5 per cent equity to total assets ratio. Moreover, the inflation adjustment—achieved by comparing the return on equity assets with the local rate of inflation in the bank's home country — is distinctly crude. But refinements to the assumptions or methods would probably not change the conclusions very much.

IBCA's judgment is that although the low rating of banks in many national stock markets shows that investors are aware of the dangers, many bank managements are not.

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